

**FBI**

# DAILY REPORT

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*China*

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SOVIET PLANES VIOLATE JAPANESE AIRSPACE 23 NOV

LD231723 Beijing XINHUA in English 1550 GMT 23 Nov 84

[Text] Tokyo, November 23 (XINHUA) -- Two Soviet TU-95 Bear bombers today violated Japan's air space. The two Bears, part of a squadron of seven subsonic Soviet bombers, flew through Japan's air space over Okinoshima Island in the Tsushima Strait for about 3 minutes and 20 seconds. The rest of the squadron were TU-16 Badgers, according to a Japanese defense official.

The bombers ignored the warnings of Japan's radio stations and 34 fighters scrambling from four airfields. It has been the second for Soviet planes' intrusion into Japan's airspace in 11 days. On November 12, a Soviet TU-16 Badger peeled away from eight other Soviet bombers and violated Japan's airspace over the Tsushima Strait for about 2 minutes.

Masamu Nishida, official of the Japanese Defense Agency, said after the Friday intrusion the two Bears turned toward the Pacific Ocean while three Badgers turned back north, and two remaining Badgers headed south presumably to Cam Ranh Bay in Vietnam.

According to the Japanese Defense Agency, the Soviet Union has deployed some 20 Bears and Badgers in Vietnam. Both the TU-95 Bears and TU-16 Badgers are long-range subsonic bombers.

It was also reported that a sophisticated Soviet Navy ship was spotted yesterday cruising northward in waters off Okinawa. The 30,000-ton Soviet warship was sighted by Japanese patrol planes at a point some 320 kilometers west of Okinawa, according to officials of the Japanese agency.

It was the first time that such a kind of Soviet vessel with electronic equipment to track the movements of satellites and missiles was spotted by the Japanese Maritime Self-Defense Forces. The officials said the Soviet warship might have been deployed for the Far East. So far, the Soviet Union has deployed six experimental ships in the Far East.

RENMIN RIBAO ON U.S., SOVIET MISSILE DEPLOYMENT

HK240828 Beijing RENMIN RIBAO in Chinese 24 Nov 84 p 7

[Article by Zheng Yuan: "Preparing To Reopen Talks on the One Hand, Stepping Up Missile Deployment on the Other"]

[Text] As the Soviet Union and the United States prepare to resume arms control talks, a report from NATO says that in the year since these talks were broken off, the number of missiles deployed by the two sides in East and West Europe has increased.

According to REUTER, James Dobbins, chairman of NATO's medium-range missile special consultative group and assistant U.S. secretary of state, recently said in a statement issued by the special group that the Soviet Union has started to build 10 new SS-20 missile bases in the past year. In addition, 60 SS-21 launchers have been installed. At the same time, the Soviet Union has also test-fired the SS X-25 missile, but this has not yet been deployed.

A spokesman for Rogers, supreme commander of the NATO Allied Armies, recently revealed for the first time to the outside world that since December last year, 91 U.S.-made cruise missiles and Pershing II missiles have been deployed in West Europe. Of these 91 missiles, 16 cruise missiles are deployed at Greenham Common in England, 9 Pershing II's are deployed at Mutlangen in the FRG, and 16 cruise missiles are deployed at Comiso in Italy.



SHULTZ, GROMYKO TO MEET IN GENEVA FOR TALKS

OW230946 Beijing XINHUA in English 0739 GMT 23 Nov 84

[Text] Washington, November 22 (XINHUA) -- The White House announced today that U.S. Secretary of State George Shultz and Soviet Foreign Minister Andrey Gromyko are to meet in Geneva January 7-8 next year to discuss the "whole range of questions on nuclear and outer space arms."

U.S. National Security Adviser Robert McFarlane made the announcement in the Thanksgiving holiday. The U.S. will enter the meeting "in the spirit of honest compromise," he said.

Shultz and Gromyko will focus their discussions on the following three areas:

- strategic nuclear weapons, i.e., long-range missiles being developed and built by both sides;
- intermediate-range nuclear weapons, including American Pershing and cruise missiles aiming at the western part of the Soviet Union, and the Soviet SS-20s pointed at Western Europe;
- and space weapons. The last one is of particular concern to the Soviets since U.S. President Ronald Reagan announced his so-called "Star War" initiative that might involve putting weapons in space by the end of the century.

McFarlane told reporters after the announcement that "a measure of understanding has begun to emerge" in the course of exchanging views between the two countries in the last few weeks. Asked what he hoped for the January meeting, McFarlane said, "We can come away from that meeting, having set an agenda with serious negotiations in the key areas of nuclear arms, and the whole family of outer space. That will represent a real progress."

U.S.: No Concessions Made

OW241908 Beijing XINHUA in English 1855 GMT 24 Nov 84

[Text] Washington, November 24 (XINHUA) -- The U.S. agreement on Shultz-Gromyko talks involves no American concessions to the Soviet Union, and the United States will go ahead with its deployment of Pershing-two missiles in Europe, U.S. officials have told the press.

While making this point in Santa Barbara, California yesterday, Deputy White House Press Secretary Marlin Fitzwater said that "mutual restraint" in such areas as the deployment of new nuclear missiles in Europe would be an appropriate item for discussion when arms control talks are renewed.

Robert C. McFarlane, U.S. President's national security adviser, stressed again yesterday that the agreement to renew talks in no way involved implicit concessions to the Soviet Union to slow the rate of deployment of Pershing-2 missiles or to defer further space testing of an antisatellite defense system.

The United States and the Soviet Union announced on Thursday that U.S. Secretary of State George P. Shultz and Soviet Foreign Minister Gromyko would meet in Geneva on January 7 and 8, 1985, to lay the groundwork for the negotiations. U.S. President Reagan hailed the development as "good news" and "the first step on what will be a long and difficult road."

The White House said the President would work on details of the new arms talks next week after he returned to Washington from a nine-day vacation at his mountain ranch near Santa Barbara.

U.S. officials noted that military authorities of the NATO recently reported the Pershing deployment was on schedule, with 93 of the missiles in place. And Pentagon sources said recently that the total of SS-20 missiles deployed by the Soviet Union is above 378. U.S. officials also noted that under the latest congressional authorization, Reagan administration was free to pursue a target test in space of anti-satellite weapons next spring.

#### Perez de Cuellar Hails Talks

OW240150 Beijing XINHUA in English 0127 GMT 24 Nov 84

[Text] United Nations, November 23 (XINHUA) -- U.N. Secretary-General Javier Perez de Cuellar said here today that he welcomes the planned resumption of Soviet-U.S. Geneva arms control talks. The secretary-general said he was "very pleased and encouraged to note that the Soviet Union and the United States have agreed to meet in Geneva early next year to enter into new negotiations on the whole range of issues concerning nuclear and outer space arms."

"The international community closely follows and strongly supports bilateral initiatives that would lead to talks on limiting the arms race, in its various aspects. Successful negotiations on these issues could favorably affect the international situation as well as the entire spectrum of disarmament efforts." Perez de Cuellar wished Soviet Foreign Minister Andrey Gromyko and U.S. Secretary of State George Shultz every success in their endeavor.

#### CHINA DAILY URGES RESTRAINT IN SPACE ARMS RACE

HK210521 Beijing CHINA DAILY in English 21 Nov 84 p 4

[By He Qizhi, member of Governing Board of Chinese Society of International Law]

[Text] The problem of how to prevent an arms race in space is a matter of serious worldwide concern. A significant change has taken place in the militarization of space.

The main thrust has been shifted from the development of military satellites to the development of space weapons. Space has been changed from an important arena of military reconnaissance and military command systems to a new field for an extended arms race and direct military confrontation.

The United States and the Soviet Union have built military satellites to enhance the performance of their nuclear missile systems. However, it appears that militarization of outer space will not stop there. To gain strategic dominance, the superpowers seek more sophisticated weapons. These are aimed not only at destroying opposing military command systems, but also at protecting against a strategic nuclear attack.

Research and development of "space defence systems" has become the means of militarizing space. At the same time, attention is focusing on developing permanent manned space platforms for military purposes.

This dangerous trend will never bring security to either side. It will only lead to an arms race and eventual military confrontation on a huge scale. The result will be even greater international instability.

Treaties involving several nations contain provisions concerning military activities in space. The Charter of the United Nations prohibits the use of force or the threat of force in international relations. Article 3 of the 1967 Outer Space Treaty confirms that the exploration and use of outer space shall be carried on in accordance with the Charter of the United Nations.

#### Moon Pact

But with regard to space weapons, treaties only provide restrictions. The 1967 Outer Space Treaty prohibits the placing in orbit around the earth any objects carrying nuclear weapons or any other kinds of weapons of mass destruction.

No mention is made of less destructive weapons. The same Article stipulates that the moon and other celestial bodies will be used exclusively for peaceful purposes.

The 1979 Moon Agreement also prohibits military use of the moon, but it has not been signed and ratified by the two major powers.

The Treaty on the Limitation of Anti-Ballistic Missile Systems (AMB Treaty), signed by the United States and the Soviet Union in 1972, prohibits construction or deployment of space-based ABM systems.

It is obvious that existing international treaties are inadequate to limit and prohibit space weapons. At best, they restrict nuclear weapons and any other kinds of weapons of mass destruction from orbiting the earth.

This does not prevent the introduction of other kinds of weapons into outer space. The United States and the Soviet Union have not begun any serious negotiations on limiting space weapons, and no significant agreement has been reached to inhibit the extension of the arms race into outer space.

Therefore, a multilateral international treaty to ban all space weapons is necessary. In principle space weapons and military satellites should be restricted. However, since military satellites play a role in monitoring adherence to disarmament agreements and give early warning of attacks, restriction is a complicated issue. Therefore, it is advisable to deal with the prohibition of space weapons first.

Prohibition should include banning all space weapons under effective international verification. It should ban development, manufacture, testing, placing, deploying and using all space weapons, and order the dismantling of existing systems.

Space weapons could be defined as any device based on land, sea, or in the atmosphere, for attacking and destroying space objects or damaging their normal functions. They should also include any space device for attacking targets in space, the atmosphere, on land, or sea.

But reaching such an international treaty will be a complicated and difficult task. So other ways of limiting space weapons, based on existing treaties, may also be considered.

In Article 5 of the 1972 ABM Treaty, "each party undertakes not to develop, test or deploy ABM systems or components which are sea-based, air-based, space-based, or mobil land-based." The provisions may have certain restraints on space-based weapons, and to reaffirm them would be a step towards preventing the arms race from escalating into space.

The process of outlawing all space weapons may start with the prohibition of ASAT weapons. Between 1977 and 1979, the United States and the Soviet Union held talks on the weapons.

Talks should be resumed to discuss prohibiting them. Talks between the United States and the Soviet Union may be held first, with multilateral negotiations following. Any agreement reached will be a good start for banning some, or all, space weapons.

#### Talks

The registration system established by the 1975 Registration Convention is an essential condition for maintaining the peaceful use of space.

An open and well-ordered system of registration could create mutual trust and lay some restraints on the space arms race. However, according to the Registration Convention, information furnished about launched spacecraft is too general. Registration is only required to indicate "the general function" of a spacecraft.

As a result, despite the fact that about two-thirds of the satellites launched so far have served military purposes, not one launching has been described as having a military character.

Therefore, it seems necessary to seek an addition to the Registration Convention to provide for as much information as possible about spacecraft, to promote understanding and confidence among the international community.

An arms race in outer space will be fraught with serious danger to world peace and security. Therefore, the urgent task confronting the international community is to obtain an international treaty banning all space weapons.

The United States and the Soviet Union, the only two major space powers capable of competing in a space arms race, should bear special responsibility for preventing one, and immediately reopen talks to ban space weapons.

The question of banning ASAT weapons may first be considered. As a space arms race affects the security of all states, countries and international organizations, the Disarmament Conference and UN Outer Space Committee should take an active part in formulating treaties to prevent space militarization and ensure peaceful uses of space.



JINGJI RIBAO VIEWS U.S. TEXTILE REGULATIONS

HK261046 Beijing JINGJI RIBAO in Chinese 20 Nov 84 p 4

["International Economic Forum" column by Yang Shuao: "Harming Others as Well as Oneself -- Commenting on the New U.S. Regulations on Limiting Textile Imports"]

[Text] As of 7 September, the U.S. Government has implemented new regulations on "country of origin certificates" on textiles (including garments) entering the U.S. market. Imposing rigid restrictions and complicated formalities, the new regulations have created serious obstacles to the entry of textiles to the U.S. market. This is a new manifestation of trade protectionism on the part of the U.S. Government. It harms the practical economic interests of the American people; exerts an adverse influence on textile exports, and even the economic development, of the developing countries; and even casts a shadow on the normal development of the world economy.

Since he came into office, Ronald Reagan has repeatedly claimed that he would reduce government intervention in enterprises and let them compete freely and that international free competition would be beneficial to all. In the past the Reagan administration implemented the so-called "voluntary restriction" of foreign products and was still somewhat shy or hesitant in adopting trade protectionism. The announcement of the new regulations, however, has openly undermined its position on free trade and violated the principle of allowing free competition to make its choice. This has revealed that the free trade advocated by the United States is a sham, while its implementation of protectionism is genuine.

The new regulations are superficially aimed at protecting what they call the employment of several million U.S. textile workers and the normal development of the domestic economy. In fact, the Reagan administration is protecting a backward and obsolete area. The law governing economic development is that obsolete industrial departments are constantly replaced by new emerging industries and that the constant readjustment and innovation of the industrial structure continuously instill fresh blood to enable the economy to forge ahead. The Reagan administration, however, would rather hold on to an industry that should have been gradually switched to other lines of production. And this will inevitably hinder the development of the U.S. economy.

Developing countries occupy a more and more important position in the exports of U.S. goods and almost 40 percent of U.S. products are exported to the developing countries every year. The new U.S. regulations will result in many developing countries and regions reducing their exports to the United States, and consequently their foreign exchange income, and their imports from the United States. Extremely dissatisfied with the new U.S. regulations, many developing countries have lodged their protests and have even adopted such measures as stopping the imports of certain products. The new U.S. regulations have undermined normal trade relations between the United States and the developing countries.

Because the formalities stipulated in the new regulations are tedious, complicated, and ambiguous, many U.S. importers are so fearful of their goods being held up that they dare not rashly replenish their stock. This will inevitably lead to the shortage of certain commodities and disrupt normal sales orders. For this reason, the business of importers and many retailers will be slack. They may even go bankrupt, resulting in the loss of many jobs.

Due to the decrease in imports and the shortage of domestic supplies, the prices of commodities will surely rise and the vast numbers of consumers at the intermediate and lower levels will have to pay higher prices. The direct victims will be the U.S. textile importers and the vast numbers of consumers.

Most of the countries and regions exporting textiles to the United States hope to increase their foreign exchange income through textile exports. At present the industrial level in these regions is low and the textile industry is the principal industry providing jobs to many people. The new U.S. regulations will cause many people to lose their jobs. It is estimated that as a result of this, Hong Kong will lose \$280 million in foreign exchange income and 50,000 jobs.

Since the last economic crisis, trade protectionism has become more serious and has seriously affected international trade. The new U.S. regulations have forced many developing countries to adopt countermeasures. The West Europeans countries, worried that the U.S. restrictions will lead to large quantities of textiles flowing to Western Europe, have also adopted stricter restrictive measures. This will set off a new tide of trade protectionism in the world.

In short, the new U.S. regulations are not only disadvantageous to the development of the U.S. economy but also harm the interests of the developing countries. This is truly a case of harming others as well as oneself.

#### GATT ASKS U.S. LIFT IMPORT CURBS ON PRC TEXTILES

OW230945 Beijing XINHUA in English 0911 GMT 23 Nov 84

[Text] Geneva, November 22 (XINHUA) -- The GATT textiles surveillance body yesterday decided to ask the United States to withdraw its unilateral import restrictions on China's textiles. The decision was made at a three-day meeting of the textiles surveillance body here which examined the U.S. import restrictions on seven categories of Chinese textiles at the request of China.

Last December, the United States, under the pretext that its domestic textiles market was affected by the substantial import of China's textiles, unilaterally imposed discriminatory import restrictions on China's textiles, thus seriously harming the trade between the two countries. For this reason, the Chinese permanent representative to the United Nations at Geneva, Li Luye, sent a letter on Oct. 1 to the Textiles Surveillance Body requesting it to make an investigation into the unfair U.S. measures.

At the meeting which began on November 19, Chinese representative Zhao Gongda presented sufficient data and evidence to show that the U.S. textiles import restrictions on China are unreasonable and that they not only violate the international textiles trade agreements and the protocol extending their arrangement regarding international trade in textiles, but also violate the relevant Sino-U.S. bilateral agreements.

After hearing both the Chinese complaints and the U.S. arguments, the textiles surveillance body concluded that except for the restriction on synthetic fibre brassiere, the United States did not present enough evidence to prove that its home market was impaired by China's textiles.



As a result, the body decided to urge the United States to lift the import restrictions on China's woollen skirts and man-made fibre play suits and to reconsider the level and duration of the limits for cotton twill and woollen cloth of coarse or fine weave. The body also suggested that China and the United States discuss ways to settle the dispute over the U.S. import limits on two other categories of Chinese textiles. The Textiles Surveillance Body, a standing institution under the GATT Textiles Committee, is in charge of examining the disputes between GATT member states and making suggestions to solve the disputes. Its suggestions have a certain binding force on the disputants.

#### WU XIUQUAN MEETS WITH SENATOR DODD 23 NOV

OW231344 Beijing XINHUA in English 1210 GMT 23 Nov 84

[Text] Beijing, November 23 (XINHUA) -- Wu Xiuquan, president of the Beijing Institute for International Strategic Studies, met U.S. Senator Christopher J. Dodd and his visiting party here this afternoon. They exchanged views on international issues of common concern. While in Beijing, Dodd and his party, who arrived here Thursday, will have meetings with people of political, economic, diplomatic and cultural circles.

#### Wang Zhen Meets Dodd

OW241158 Beijing XINHUA in English 1140 GMT 24 Nov 84

[Text] Beijing, November 24 (XINHUA) -- Wang Zhen, member of the Political Bureau of the Chinese Communist Party Central Committee, met here this afternoon U.S. Senator Christopher J. Dodd and his visiting party.

#### PENG CHONG MEETS CALIFORNIA STATE DELEGATION

OW211233 Beijing XINHUA in English 1137 GMT 21 Nov 84

[Text] Beijing, November 21 (XINHUA) -- Peng Chong, vice-chairman of the Standing Committee of the Chinese National People's Congress, met here this afternoon a congressional delegation from the California State of the United States led by John Garamendi. Garamendi is a senator of California and majority leader.

#### GU MU MEETS U.S. COMPANY EXECUTIVE, DELEGATION

OW231248 Beijing XINHUA in English 1238 GMT 23 Nov 84

[Text] Beijing, November 23 (XINHUA) -- State Councillor Gu Mu met Frederick R. Weisman, president of Frederick Weisman Company of Maryland, U.S.A., and his party here today. Chai Zemin, vice-president of the Chinese People's Institute of Foreign Affairs, hosted a dinner yesterday evening for Weisman and his party.

#### CHINA DAILY INTERVIEWS VANCE ON PRC'S REFORMS

HK240308 Beijing CHINA DAILY in English 24 Nov 84 p 2

[By CHINA DAILY correspondent Rosie Wu]

[Text] New York -- Former U.S. Secretary of State Cyrus Vance said that the decision on urban reforms, adopted at the Third Plenary Session of the 12th Central Committee of the Chinese Communist Party last month, will have "a major impact on the development of foreign investments in and with China."

"The reforms will create an atmosphere in which there will be greater predictability," Vance said in an interview with CHINA DAILY here on Tuesday.

He went on to explain that predictability came on several levels:

-- In business negotiations with China there was now a very positive atmosphere. There was a feeling that the Chinese were prepared to take practical steps "to follow through" on the transactions they concluded.

-- "The Chinese are committed to improving their legal system. Actually, they have done much already. As that system improves, you will have greater predictability."

-- As China went toward a market economy, the environment for foreign investment would be improved, as would the availability of sources of supply, the prices at which products could be sold, the commitment of the Chinese Government in permitting certain products to be sold in China. "This improved environment gives sense of confidence on the part of the foreign investor that he can predict the consequences of his investment at very important levels which in turn will encourage him to invest his funds."

Turning to the issue of whether there was sufficient protection for the interests of the foreign investor, Vance said that negotiations on the issue were underway between the United States and China, and he expressed the belief that "those negotiations will lead to a treaty between the two countries."

Vance said that when talking to senior Chinese people, one got the feeling that "the need to protect the interests of foreign investment is being recognized. And the rules, laws, regulations that will be developed overtime will be able to provide the kind of protection necessary." He said his recent trip to China had made a very good start on several ways. Apart from a discussion on the framework within which international investments could be made and the need to clarify the rules and regulations that could give greater predictability, the two sides explored "new kinds of financing techniques." "We talked about things like the use of project financing, of using syndicated loans in a way that they have not done before, and of China accessing to the international financial markets," he added.

The question of taxation was also brought up, he said, "because what taxation exists will affect the desirability of doing investment in China."

Vance expressed strong belief in the current Chinese leadership and spoke highly of the decision on urban reforms which he characterized as "a very bold decision...and one of the historic decisions of this generation and perhaps of the coming generation as well." He said he believes that the Chinese Government "is going to succeed over the long run in achieving the goals they are setting for themselves."

#### HUANG HUA MEETS U.S. YOUTH COUNCIL DELEGATION

OW211239 Beijing XINHUA in English 1151 GMT 21 Nov 84

[Text] Beijing, November 21 (XINHUA) -- Huang Hua, vice-chairman of the Standing Committee of the Chinese National People's Congress, had a meeting here this afternoon with a delegation from the American Council of Young Political Leaders headed by Betty Tamposi and Ralph Everett.

ARKHIPOV TO SIGN ECONOMIC ACCORD WITH PRC

OW250929 Tokyo KYODO in English 0914 GMT 25 Nov 84

[Text] Beijing, Nov. 25 KYODO -- Soviet First Deputy Premier Ivan Arkhipov, who will visit here next month, is expected to sign an economic and technology cooperation agreement with China to help its modernization program, Eastern sources said Sunday.

The sources said a group of Soviet working-level officials belonging to the State Committee for Foreign Economic Relations is here for negotiations with Chinese officials on the contents of the agreement prior to Arkhipov's visit.

The Soviet Union and its allies in Eastern Europe withdrew their engineers from China in the 1960's when relations between Beijing and Moscow deteriorated.

Recently, however, some East European countries, such as Poland, Czechoslovakia and Hungary, have resumed their technological cooperation with China, prompting the Soviet Union, which does not want to be left behind, to do the same, the sources said. They said the Soviet Union has proposed its cooperation in modernizing plants and mines built with Soviet aid before their relations worsened.

If the economic and technology cooperation agreement is signed, the Soviet Union will send a large number of technicians and experts to China next year, they said.

USSR'S SOKOLOV, LIBYA'S JABIR MEET IN MOSCOW

OW211940 Beijing XINHUA in English 1621 GMT 21 Nov 84

[Text] Moscow, November 21 (XINHUA) -- Sergey Leonidovich Sokolov, first vice-minister of the Ministry of Defense of the Soviet Union, discussed here yesterday issues of common interest with Abu Bakr Yunis Jabir, visiting Libyan commander-in-chief of the Armed Forces.

Yunis Jabir arrived here on November 19. His official visit followed that one of Chad on November 18 by French Defense Minister Charles Hernu and French Army Chief of Staff General Jeonnou Lacaze.

The Soviet news agency TASS on November 19 accused France's allegation that there are still Libyan troops stationed in north Chad as groundless fabrication and charged the United States with trying to push France to conduct once again the armed interference in Chad's conflict.

Tikhonov Meets Libyans

OW230400 Beijing XINHUA in English 0215 GMT 23 Nov 84

[Text] Moscow, November 22 (XINHUA) -- Soviet Premier Nikolay Tikhonov met here today visiting Libyan Commander-in-Chief of the Armed Forces Abu Bakr Yunis Jabir here today and exchanged views with him on Soviet-Libyan bilateral relations and international issues of common interest, according to a Soviet TV report.

Yunis Jabir arrived in the Soviet Union on November 19. He has talked with Sergey Sokolov, first vice-minister of defense, and Sergey Akhromeyev, chief of General Staff of the Soviet Army and Navy.

HU YAOBANG PRAISES RESUMPTION OF KOREAN CONTACTS

OW251635 Beijing XINHUA in English 1621 GMT 25 Nov 84

["China Supports Resumption of Contacts Between Northern and Southern Parts of Korea" -- XINHUA headline]

[Text] Beijing, November 25 (XINHUA) -- China is glad to see that the Northern and Southern parts of Korea have begun resuming contacts, General Secretary Hu Yaobang of the Chinese Communist Party Central Committee said here today.

He expressed the hope that such a momentum should be maintained and developed because the contact conforms to the interests of the Korean people. "China is convinced that the northern part of Korea is sincere in this respect," he said.

Hu Yaobang made these remarks while meeting with all participants to a symposium on Sino-Japanese economic and technological cooperation. Answering questions raised by Japanese friends, Hu said China hoped that the Sino-U.S. relations could continue to develop during President Reagan's second term of office.

On Sino-Soviet relations, Hu said that trade between the two countries has somewhat increased this year and economic exchanges are expected to be further expanded next year.

Present at the meeting were Wang Zhen, honorary president of the China-Japan Friendship Association; Gu Mu, Chinese state councilor; Qin Chuan, director of the PEOPLE'S DAILY; and Morita Ko, director of the NIPPON KEIZAI SHIMBUN of Japan.

The symposium, jointly organised by the PEOPLE'S DAILY and the NIPPON KEIZAI SHIMBUN of Japan, is scheduled to open in Beijing tomorrow.

PRC-DPRK SIDE PROTESTS U.S. KILLING OF GUARDS

OW241706 Beijing XINHUA in English 1631 GMT 24 Nov 84

[Text] Pyongyang, November 24 (XINHUA) -- Colonel Kim Yon-ki, secretary of the Korean-Chinese side of the Korean Military Armistice Commission, today "lodged a strong protest with the U.S. side against its brutal killing of "Korean security guards in Panmunjom and its dragging away of a foreign tourist", [quotation marks as received] KCNA reported today.

The protest was made at the 474th meeting of secretaries of the Military Armistice Commission in Panmunjom today. The meeting was called at the proposal of the Korean-Chinese side.

A KCNA report said yesterday that three Korean security guards were killed and another seriously wounded by U.S. security guards in the truce village of Panmunjom at 11:35 a.m. on the day, following a foreign tourist, who was visiting the truce village, crossed the demarcation line unintentionally.

Colonel Kim Yon-ki pointed out at the meeting that the bloody incident was "a deliberate and premeditated criminal act" on the part of the United States to damage the climate of peace and relaxation of tension for peace talks between the two sides of Korea. Kim Yon-ki strongly demanded that those involved in the criminal act be severely punished and recurrence of similar incidents prevented.

The U.S. side reportedly evaded discussion of the incident at the meeting.

Colonel Kim Yon-ki had suggested that the 426th full meeting of the Military Armistice Commission be held tomorrow morning to discuss the incident again.



## XINHUA Report

OW240106 Beijing XINHUA in English 0058 GMT 24 Nov 84

[Text] Pyongyang, November 23 (XINHUA) -- Three security guards of the Democratic People's Republic of Korea were killed and another seriously wounded by American security guards at the truce village of Panmunjom today, KOREAN CENTRAL NEWS AGENCY KCNA reported.

A KCNA release said that at 11:35 a.m. today, a foreign tourist crossed the demarcation line at Panmunjom unintentionally while visiting the truce village, and was immediately taken away by American security guards. Just as a DPRK guard rushed over to remind the tourist and to protect him, KCNA said, American guards opened fire and wounded the DPRK guard. Then three other DPRK guards went over to help the wounded up, American guards shot and killed all three.

The KCNA release noted that the incident constituted a serious violation of the truce agreement and, in particular, the agreement of both sides to guarantee the safety of the joint security area at Panmunjom. The U.S. side, it said, must be held fully responsible for this incident, and it should repatriate the kidnapped foreign tourist.

The KCNA pointed out that talks had recently taken place at Panmunjom between the North and South of Korea and that the killing was designed to sabotage the easing of tension on the Korean peninsula and to poison the atmosphere of the North-South talks.

## RENMIN RIBAO Report

HK240848 Beijing RENMIN RIBAO in Chinese 24 Nov 84 p 6

["Special Dispatch" from correspondents Liu Zhenxue and Feng Zhiyuan: "The U.S. Side Opens Fire at Panmunjom, Killing and Wounding Korean Guards; KCNA Denounces the U.S. for Deliberately Creating an Atmosphere of Tension To Sabotage North-South Talks"]

[Text] 23 Nov -- In a press communique issued tonight, KCNA announced that within the zone housing the meeting hall of the Military Armistice Commission [MAC] at about 1135 this morning, a foreign tourist unexpectedly crossed the central Military Demarcation Line of the zone. At this moment, the U.S. guards immediately dragged him away, holding him by the arm. In an effort to protect the security of the foreign tourist, a Korean guard who noticed the situation approached him and explained to the U.S. guards that the foreign tourist had unexpectedly crossed the demarcation line unknowingly. The U.S. guards, however, opened fire on the Korean guard and the latter immediately fell. When another three Korean guards stepped forward to prop him up, the U.S. guards again repeatedly opened fire at them, killing three Korean guards and seriously wounding another.

It was reported that the central Military Demarcation Line at the Panmunjom meeting zone was set up through consultations between the Korean and the U.S. sides after the "18 August" incident in 1976, and that the demarcation line is a cement boundary line 5 cm in height and 50 cm in width.

In regard to this incident, KCNA said that the U.S. side opening fire in broad daylight at the Korean guards carrying out normal duties at the joint garrison area in Panmunjom has violated the Armistice Agreement and the resolution between both sides on protecting the joint garrison area. KCNA emphatically said: "Just as the Northern and Southern partys of Korea were repeatedly holding peace talks at the Panmunjom meeting place, the U.S. side fabricated this violent incident in an attempt to create tension in Korea and to sabotage the atmosphere of the peace talks."

In its report, KCNA demanded that the U.S. side immediately return the foreign tourist who had been forcibly dragged away and stressed that the U.S. side must assume total responsibility for the criminal act of killing the Korean guards.

In another dispatch, the Korean central broadcasting station reported that on the afternoon of 23 November, the South Korean troops fired with heavy caliber machine guns at the military sentry posts of the DPRK on two occasions from the No 1181 boundary marker, east of the Military Demarcation Line. The station broadcast denounced this act as a serious violation of the Armistice Agreement and as a planned armed provocation aimed at aggravating tension. At the same time, the Korean chief negotiator for the Korean MAC immediately made a telephone call to the South Korean side, voicing a strong protest against this provocation by the South Korean troops and demanding that measures be adopted to ensure that similar provocative incidents will not happen again in the future.

#### LI PENG MEETS JAPANESE VISITOR ON NUCLEAR ENERGY

OW240916 Beijing XINHUA in English 0848 GMT 24 Nov 84

[Text] Beijing, November 24 (XINHUA) -- Chinese Vice-Premier Li Peng met here today Michiyuki Isurugi, former director-general of the Science and Technology Agency of Japan. They exchanged views on promoting the cooperation of the nuclear energy between the two countries.

#### Li Accepts Nuclear Inspection

OW241311 Tokyo KYODO in English 1247 GMT 24 Nov 84

[Text] Beijing, Nov. 24 KYODO -- China said Saturday Beijing will accept an international inspection of China's nuclear power generation facilities to ensure that imported nuclear power equipment and fuel will be exclusively used for non-military purposes.

The pledge, made by Vice Premier Li Peng in a meeting with Japan's former Science and Technology Agency Director General Michiyuki Isurugi, clears the way for China's import of nuclear plant equipment from Japan and other Western nations.

Isurugi said Li told him that China will accept inspection by the International Atomic Energy Agency to ensure that nuclear power generation equipment and nuclear fuel to be imported from Japan would not be diverted to military use. China has sought Japanese help for developing its nuclear-power industry, but negotiations hit a snag over the inspection issue in October of last year.

Li also told Isurugi that China is negotiating with IAEA in order to work out an agreement over inspection procedures. Li's assurance could lead to a Sino-Japanese bilateral agreement on nuclear cooperation before China works out inspection arrangements with IAEA.

China joined the IAEA last year but, as a nuclear power, it rejected on-the-spot international inspection of its nuclear facilities. The Paris-based IAEA is an international watch-dog body in charge of policing worldwide nuclear power policies.



COMMENT ON SRV ATTACKS IN KAMPUCHEA NEAR THAILAND

Liu Shuqing Condemns SRV

OW231912 Beijing XINHUA in English 1903 GMT 23 Nov 84

["Senior Chinese Official Condemns Vietnamese Attacks on Nong Chan" -- XINHUA headline]

[Text] Bangkok, November 23 (XINHUA) -- Visiting Chinese Deputy Foreign Minister Liu Shuqing today strongly condemned the current Vietnamese attacks on the civilian camp of Nong Chan in Kampuchea and voiced his firm support for Thailand's stand on the Kampuchean problem.

During his meeting with Thai Foreign Minister Sitthi Sawetsila here this evening, Liu was informed of the tense Thai-Kampuchean border situation caused by Vietnamese offensive against resistance forces of the Khmer People's National Liberation Front led by Son Sann, prime minister of the Coalition Government of Democratic Kampuchea. The host and guest agreed that Hanoi had not softened its stand on Kampuchea. They also exchanged opinions on the situation along the Sino-Vietnamese border. Liu arrived here this afternoon for a week-long visit.

Thai Security Official

OW231832 Beijing XINHUA in English 1648 GMT 23 Nov 84

[Text] Bangkok, November 23 (XINHUA) -- A Thai top security official today condemned Vietnam for its recent military offensive in northwestern Kampuchea adjacent to Thailand and pledged that Thailand would make all necessary efforts to defend its territory.

Prasong Sunsiri, secretary-general of the National Security Council, told reporters at the Foreign Ministry that Vietnamese troops' attack on the Kampuchean refugees at the Kampuchean-Thai border was a gross violation of the principles of the United Nations and ran counter to Vietnam's statements to search for a solution of the Kampuchean problem by peaceful means.

Prasong said that Vietnamese troops in their attack on the Nong Chan camp killed unarmed Kampucheans and destroyed a hospital, a school and other buildings set up by U.N. organizations. They also penetrated 400 meters deep into Thailand's territory.

Prasong praised the coordination of Kampuchea's three resistance forces in their counter-offensive against the Vietnamese. He said that Sihanouk's forces came to support Son Sann's forces in the battle while Khieu Samphan's National Army moved to harass rear areas of the Vietnamese.

Prasong warned, "should Vietnam continue to act wilfully to aggravate the situation, Thailand would exercise its just right to take various steps to defend its sovereignty and territorial integrity." He expected that about 100,000 Kampuchean refugees would move into Thailand in the current dry season to flee Vietnam's military offensives. He appealed to governments of various countries and the United Nations to increase their aid to the refugees in the Thai-Kampuchean border areas.

The Thai National Security Council, Foreign Ministry and military authorities summoned foreign envoys and representatives of international organizations this morning to inform them of the latest developments in the Thai-Kampuchean border areas.

## Son Sann Condemns Raid

OW250704 Beijing XINHUA in English 0646 GMT 25 Nov 84

[Text] Beijing, November 25 (XINHUA) -- Son Sann, prime minister of Democratic Kampuchea, has condemned the Vietnamese raid on the Nong Chan refugee camp near the Thai-Kampuchean border as a part of Vietnam's Dryseason offensive, reported Radio Democratic Kampuchea today.

The Vietnamese troops in Kampuchea started an all-out assault on Nong Chan camp on November 18, killing or wounding many refugees and driving more than 10,000 into Thailand.

Speaking in Paris on November 20, Son Sann, also leader of the Khmer People's National Liberation Front (KPNLF) whose main base is in Nong Chan, said if Vietnam launches a dry-season offensive, nobody will believe Hanoi's allegation that it wants to settle the Kampuchean issue through negotiations. Son Sann also accused Vietnam of pursuing a colonialist policy to Vietnamize Kampuchea.

Referring to the Coalition Government of which his forces form a part, Son Sann said he would do his best to maintain the coalition.

## Beijing Commentary

OW251315 Beijing in Vietnamese to Vietnam 1100 GMT 23 Nov 84

[Ya Ming commentary: "Vietnamese Troops' Attack on Nong Chan Is Part of the Vietnamese Authorities' Preplanned and Premeditated Acts in the Dry Season"]

[Text] As soon as this year's dry season began, the Vietnamese troops feverishly carried out aggressive acts in the Kampuchean-Thai border areas.

Following their open incursion into Thai territory early this month, they launched an offensive on Nong Chan and other areas now under the control of the Coalition Government of Democratic Kampuchea. Vietnam has also intensified provocations on the Sino-Vietnamese border.

This attack on Nong Chan by the Vietnamese troops was not accidental but was part of their preplanned dry-season campaign. As exposed by Thailand's secretary general of the National Security Council, since June 1984, Vietnam has mobilized AN-26 aircraft and helicopters to ferry troops to the Kampuchean border. It recently sent as many as 60 T-54 tanks and 15 Soviet-made armored trucks to Kampuchea. In addition, it has built a number of projects at the Battambang airfield to be used by its Air Force during this dry-season campaign.

Not long before and after the UN General Assembly's debate on the Kampuchea issue, the Vietnamese authorities dispatched high-ranking officials to many places to make approaches and publicize their proposal on a dialogue with a view to creating the impression that Vietnam wants to solve the Kampuchea issue peacefully. But their guns of aggression are now thundering. Their statement about peace is but a trick.

To conquer Kampuchea by force has been Vietnam's dream so far. But the test of strength on the Kampuchean battlefield over the past 6 years has proved that the Vietnamese troops have been driven from a position of victory to an endless war of attrition. Although they are now in a position of numerical strength and equipment and can remain aggressive and furious for some time, they will be unable to change their downhill course.

Despite all hardships in their protracted struggle, the patriotic forces of Democratic Kampuchea will surely win the final victory in their resistance war against the Vietnamese aggressors.

RENMIN RIBAO HAILS SUCCESS OF LI XIANNIAN TRIP

HK240758 Beijing RENMIN RIBAO in Chinese 24 Nov 84 p 1

[Editorial: "A Friendly Visit That Promoted Understanding and Strengthened Cooperation"]

[Text] President Li Xiannian paid state visits to Spain, Portugal, and Malta from 11 to 22 November. This first visit by a Chinese head of state to southern Europe was given a solemn and enthusiastic welcome by the governments and peoples of these three countries. This peace-seeking and friendly visit promoted mutual understanding between China and these three countries and strengthened bilateral friendship and cooperations. It made new contributions to easing international tension and preserving world peace. The visit was a complete success.

Although Spain, Portugal, and Malta differ from China in national conditions, history, and social system, the parties have identical or nearly-identical views on many major international issues. During his visit, President Li exchanged views with the leaders of the three countries on international issues of common concern, and broad understanding was gained. Both sides expressed their desire for still closer ties of friendship and cooperation. This has yet again proved that as long as they all abide by the Five Principles of Peaceful Coexistence -- mutual respect for sovereignty and territorial integrity, mutual non-aggression, mutual non-interference in internal affairs, equality, and mutual benefit -- countries with different social systems are able to live as good neighbors for a long time and also continually develop ties of friendship and cooperation.

The three southern European countries visited by President Li are all in important strategic positions. Preserving peace and tranquility in this region is of a significance not to be neglected in the preservation of world peace, and is also the common aspiration of the governments and peoples of these three countries. During visit, President Li reiterated China's hope for a concerted, united, and strong Europe devoted to preserving world peace, as well as China's support for the efforts of the maritime states of the Mediterranean to promote peace and stability in the region. This just stand of China has been given positive evaluation by the governments and peoples of the three countries.

China is now in an important historical period. People of the whole country are working hard to fulfill socialist modernization. Achieving domestic invigoration through reforms, and practicing an open-door policy to the outside world and developing international cooperation are the two major policy decisions we have adopted. China's open-door policy faces every country. We attach very great importance to expanding economic and technological cooperation with other countries; we attach importance to exchanges with large countries and also to those with medium and small countries. During his visit, President Li introduced China's economic situation and open-door policy to the leaders of the three countries. The governments of these three countries are all concerned about China's development and appreciated the Chinese Government's current policies. Both sides expressed satisfaction over the continual development of friendship and cooperation in economics and trade since the establishment of diplomatic relations. Each side fervently hoped to find new and more forms of cooperation in still broader fields, take advantage of its superior features, and expand mutually beneficial cooperative relations. We believe that as a result of President Li's visit, China's ties of friendship and cooperation with Spain, Portugal, and Malta will expand into new fields on the existing excellent foundation, that still more channels will be opened up, and that still more rapid development will be achieved.

President Li's first visit to these three southern European countries has been a complete success. The enthusiastic and solemn welcome given by the governments and peoples of these three countries to President Li and his party, and their warm hospitality, has made a profound impression on the Chinese people. In today's turbulent world, the peoples of all countries need peace, friendship, and cooperation. Peace is the call of the era and friendship is the aspiration of the people. The Chinese people, who are exerting themselves in building socialist modernization, wish, under the banner of peace, to unite with the peoples of the world, strengthen friendship and cooperation, and achieve prosperity for all!

Congratulations on the complete success of President Li's visit to southern Europe.

LI XIANNIAN SENDS MESSAGE TO MALTESE PRESIDENT

OW231230 Beijing XINHUA in English 1216 GMT 23 Nov 84

[Text] Valletta, November 23 (XINHUA) -- Chinese President Li Xiannian today sent a message to Maltese President Agatha Barbara, expressing thanks for the "well-planned and considerate" arrangements made for him during his visit to Malta.

He said in the message, "I am fully satisfied with the complete success of this visit and look forward to meeting your excellency again in Beijing." He also said that "We are deeply impressed by the fascinating landscape of Malta and the warm hospitality of its people." The message was sent when President Li was leaving here for home after ending a tour of three countries -- Spain, Portugal and Malta.

Arrives in Urumqi

OW231904 Beijing XINHUA in English 1852 GMT 23 Nov 84

[Text] Urumqi, November 24 (XINHUA) -- Chinese President Li Xiannian and his wife Lin Jiamei arrived here early this morning after successful state visits to Spain, Portugal and Malta. Urumqi is the capital of the Xinjiang Uygur Autonomous Region in northwest China.

The president's special plane landed here at 1:20 (Beijing time). When the president and his wife alighted from the plane, local leaders came up to shake hands with them. Two children presented flowers to the president and his wife. Greeting the president and his wife at the airport were Wang Enmao, first secretary of the regional party committee, Tomur Dawamat, chairman of the regional People's Congress Standing Committee, Xiao Quanfu and Tan Shanhe, commander and political commissar of the Urumqi Military Area Command of the Chinese People's Liberation Army.

Zheng Tuobin, vice-minister of foreign economic relations and trade, who accompanied the president on his visit, also returned on board the same plane.

The president and his wife will have a short stay here before returning to Beijing.



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PRC INTERNATIONAL AFFAIRS  
WESTERN EUROPE

NORWAY'S PRIME MINISTER WILLOCH ENDS VISIT

Visits Shenzhen

OW231820 Beijing XINHUA in English 1656 GMT 23 Nov 84

[Text] Shenzhen, November 23 (XINHUA) -- Norwegian Prime Minister Kaare Willoch and Mrs Willoch today inspected a production line for the packaging of chemical fertilizer, a cooperation project between Norway and China, in Shenzhen of Guangdong Province. 130,000 tons of chemical fertilizer in bags have rolled off this production line since it was put into use last March.

The prime minister also visited several other joint-venture enterprises established by China and foreign and Hong Kong firms as well as a fishermen's village.

On his impression of Shenzhen, one of China's four special economic zones, Willoch said that successes achieved here demonstrated the correctness of China's policy of opening to the outside world. "I'll inform Norwegian industrialists and businessmen of the developments in Shenzhen and encourage more of them to invest here," he added.

The prime minister, Mrs. Willoch and their party were entertained here this evening at a dinner hosted by the People's Governments of Guangdong Province and Shenzhen City. The Norwegian visitors arrived here from Shanghai via Guangzhou yesterday.

Speaks With Zhao, Departs

OW240908 Beijing XINHUA in English 0849 GMT 24 Nov 84

[Text] Shenzhen, November 24 (XINHUA) -- Norwegian Prime Minister Kaare Willoch, Mrs Willoch and their party concluded their 8-day official visit to China and left here today.

Before the departure of the Norwegian prime minister, Chinese Premier Zhao Ziyang, who was on an inspection tour in other parts of the country, congratulated him through telephone on his successful visit to China and on his contribution in pushing a big step forward Sino-Norwegian friendly relations of cooperation. Zhao also asked Willoch to convey the Chinese people's friendly sentiments to the Norwegian people.

Willoch thanked Zhao for his farewell telephone call. He described his visit as having been going on "very smoothly" and said that he had been deeply impressed by what he had seen and heard during the visit.

Among those present at the railway station to see off the Norwegian visitors were Tang Ke, Chinese minister of petroleum industry; Liang Xiang, deputy governor of Guangdong Province and mayor of Shenzhen; and Zhang Yongkuan, Chinese ambassador to Norway.

WAN LI MEETS ROMANIAN PRIME MINISTER DASCALESCU

OW240246 Beijing XINHUA in English 0221 GMT 24 Nov 84

[Text] Bucharest, November 23 (XINHUA) -- Romanian Prime Minister Constantin Dascalescu met this afternoon with Wan Li, head of the delegation of the Communist Party of China (CPC) here to attend the 13th Congress of the Romanian Communist Party (RCP).

During the meeting at the RCP Central Committee offices, Dascalescu recalled with pleasure his first visit to China and his meetings with Chinese leaders. He spoke highly of the friendly cooperation and solidarity between the two parties, countries and peoples and expressed satisfaction with the political economic, social and cultural relations between the two countries.

Wan Li, who is a member of the Political Bureau of the CPC Central Committee and vice-premier of the State Council, congratulated Dascalescu on the successful conclusion of the 13th RCP Congress. "Our two parties, countries and peoples learn from and support each other, and the friendship between us has stood the test of time," he said.

The two sides briefed each other on domestic developments and expressed their intention to further expand the economic and trade ties between the two countries on the basis of mutual benefit and respect.

Present at the meeting were Ion Dinca, Romanian first deputy prime minister, and other members of the CPC delegation.

RENMIN RIBAO HAILS ROMANIAN PARTY CONGRESS

HK230921 Beijing REMNIN RIBAO in Chinese 20 Nov 84 p 6

["Newsletter From Romania" by reporter Yan Zheng: "Great Enthusiasm, Glorious Career"]

[Text] Bucharest, 19 Nov -- Romania entered the severe winter season in November but the capital of this country is filled with the people's political enthusiasm over the 13th National Congress of the Romanian Communist Party [RCP]. Bucharest is colorfully decorated for the festival, with placards singing the praises of the party, socialism, peace, and independence standing in every square and every street. Prior to the 13th RCP National Congress, the party organizations at all levels in Romania had held plenary meetings or congresses to discuss the draft documents of the 13th RCP National Congress and to put forward their views on the Eighth 5-Year Plan (1986-1990) and the long-term principle for economic development till 2000. They heartily supported the proposal of the RCP on re-electing Nicolae Ceausescu general secretary of the party.

The 13th RCP National Congress solemnly opened at the "Republic" palace this morning. More than 3,000 delegates from various parts of the country and the representatives of more than 130 parties and organizations from other countries attended the meeting.

On behalf of the RCP Central Committee, General Secretary Ceausescu delivered a long report entitled "On the Activities of the RCP in the Period Between the 12th and 13th Congress and the Future Tasks of the Party." In his report, Ceausescu said that Romania scored great successes in socialist construction in the first 4 years of the 1981-1985 5-Year Plan.



These successes have forcefully proven that the policies of the party are correct and fully reflect the creativity of the RCP in applying the universal tenets of socialism in light of Romanian practical conditions. He pointed out that the future domestic tasks of the party are to implement the "1986-1990 National Unified Plan for Social and Economic Development and the Long-Term Principles From Now to the Year 2000." In the next 15 years, Romania's industrial production will increase by 120-140 percent and its agricultural production by 90-100 percent. Per capita national income will increase from \$1,376 in 1984 to \$3,400-3,600. Per capita living space will increase from 10 square meters to 14 square meters. Quite a few foreign journalists hold that Ceausescu's report is filled with the spirit of optimism and confidence.

A delegate to the congress told me: The leadership of the party and the general secretary have made our country prosperous and strong and our people well-off and ensured more glorious achievements in the future.

Today, Romania has changed from a country with backward industry and agriculture in the past into an industrial and agricultural one with modern industry and advanced socialist agriculture. Compared with 1945, its gross industrial output value has increased 99 fold, agriculture 6 fold, national income 31 fold, and foreign trade 37 fold. The national economy has developed more rapidly since Ceausescu was elected party and state leader in 1965. Romania's SCINTEIA recently frontpaged for days in succession the great achievements scored on various fronts. The newspaper office received hundreds of phone calls or cables every day from all parts of the country, all asking the newspaper to transmit to the RCP Central Committee and the general secretary their achievements in overfulfilling the 5-Year Plan as a greeting to the party congress. Under the guidance of the banner of the 13th party congress, Romania will win still greater victories.

'FULL TEXT' OF ZHAO ZIYANG MESSAGE TO 'ARAFAT

OW240011 Beijing XINHUA Domestic Service in Chinese 0943 GMT 23 Nov 84

[Text] Beijing, 23 Nov (XINHUA) -- Zhao Ziyang, premier of the State Council of the People's Republic of China, yesterday sent a message to 'Arafat, chairman of the Executive Committee of the Palestine Liberation Organization, greeting the convocation of the 17th Session of the Palestine National Council on behalf of the Chinese Government and people. The full text of the message reads as follows:

Palestine National Council

Care of Yasir 'Arafat, chairman of the Executive Committee of the Palestine Liberation Organization

On the occasion of the convocation of the 17th session of the Palestine National Council, I take this opportunity to extend to the Palestinian people and all fighters the fraternal wishes and highest consideration on behalf of the Chinese Government and people.

For a long time, the heroic Palestinian people and fighters have been waging extremely arduous struggles against the Israeli aggressors under the leadership of their sole legitimate representative, the Palestine Liberation Organization. They have withstood severe tests, especially over the past 2 years amid greater difficulties, and have won high praise and widespread sympathy and support from the Chinese and world people.

Currently, the Palestinian people and the people of various Arab countries still face serious and arduous fighting tasks. The Israeli authorities are stubbornly pursuing their policy of aggression, ignoring the existence of the Palestine Liberation Organization and the legitimate rights of the Palestinian people, and refusing to withdraw troops from southern Lebanon and other Arab territories.

Under such circumstances, it is all the more important for the Palestinian and other Arab people to close their ranks in the struggle against their common enemy. It is our sincere hope that, burying the hatchet, they will unite in this time of need and advance shoulder to shoulder toward their lofty national goal.

The Chinese Government and people along cherished their militant friendship with the Palestinian people and will, as always, firmly support their just struggle to regain their legitimate national rights, including the right to establish an independent state of their own.

We hope that the Palestinian people will, under the Palestine Liberation Organization headed by Chairman 'Arafat, constantly overcome all kinds of difficulties on their road of advance and, together with the Arab countries and people, win constant new victories in their struggle to realize their noble national goal.

We wish the session complete success.

[signed] Zhao Ziyang, premier of the State Council of the People's Republic of China

22 November 1984, Beijing

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PRC INTERNATIONAL AFFAIRS  
MIDDLE EAST & AFRICA

WU XUEQIAN ARRIVES IN IRAN FOR 4-DAY VISIT

OW231244 Beijing XINHUA in English 1226 GMT 23 Nov 84

[Text] Tehran, November 23 (XINHUA) -- Chinese Foreign Minister Wu Xueqian arrived here today for a four-day visit to Iran. He told reporters at the airport that he will exchange views with Iranian leaders on matters of mutual concern in order to promote mutual understanding and strengthen bilateral relations.

Meeting the Chinese minister at the airport were Iranian Foreign Minister 'Ali Akbar Velayati and other government officials.

Iranian Counterpart Fetes Wu

OW250149 Beijing XINHUA in English 0136 GMT 25 Nov 84

[Text] Tehran, November 24 (XINHUA) -- Iranian Foreign Minister 'Ali Akbar Belayati gave a dinner here this evening in honor of visiting Chinese State Councillor and Foreign Minister Wu Xueqian.

Velayati said in his toast that Iran and China are neighbors with a history of thousands of years. It is very rare in the world that two countries with such age-old ties have no record of dispute or contradiction, he said.

He hoped that bilateral exchanges would increase and friendship further develop between the two countries.

In reply, Wu Xueqian expressed the belief that the friendly relations between the two countries would further develop as a result of his current visit.

Earlier this morning, Wu held the first round of talks with Velayati. The two foreign ministers exchanged views on the world situation and major international issues. The second round of talks will take place tomorrow.

Wu Meets Iranian Leaders

OW251955 Beijing XINHUA in English 1942 GMT 25 Nov 84

[Text] Tehran, November 25 (XINHUA) -- Visiting Chinese State Councillor and Foreign Minister Wu Xueqian met here today with Iranian Parliament speaker Hashemi-Rafsanjani and Prime Minister Hoseyn Musavi-Khamene'i and held talks with Foreign Minister 'Ali Akbar Velayati.

Hashemi-Rafsanjani expressed to the Chinese guests his appreciation of the foreign policy of China that pursues independence from superpowers and seeks close ties with other Third World countries.

He pointed out that a lot of similarities exist between the two countries, notably their independent foreign policies, and they should be friends with each other. He hoped the friendly ties between Iran and China will ever flourish.

Earlier, Prime Minister Musavi-Khamene'i told Wu that the experience China got from its economic construction might be useful to Iran. He expressed the hope that steps should be taken to promote mutual understanding and cooperation in the fields of economy, technology and trade between Iran and China.

Wu also visited this morning the Carpet Museum here, where about two hundred pieces of world-famed Persian carpets are on display. In the evening, the Chinese foreign minister gave a banquet in honor of his Iranian counterpart in the residence of the Chinese ambassador here.

PARTY RECTIFICATION SHIFTING INTO 'SECOND PHASE'

OW241214 Beijing XINHUA in English 1147 GMT 24 Nov 84

[Text] Beijing, November 24 (XINHUA) -- The Communist Party Central Committee has urged all organizations which began party consolidation a year ago to start the second phase; newspapers here report today.

This will involve the reassessment of members in party organizations from the top of government to the grass-roots level. Over the next two years, all 40 million party members will have to face a reselection procedure and register again with the party. Party consolidation is aimed at removing from the party people regarded as being harmful elements because they committed crimes or grave errors during the Cultural Revolution or because they have become corrupt. Those considered unsuitable for membership can be expelled, and if crimes are exposed under reassessment, the guilty party members could even end up in jail.

The first stage of measures has involved the study of the Central Committee's decision last year to carry out the consolidation and a period of criticism and self-criticism by members. Organizations involved in the first stage include central and local authorities and the Armed Forces. The second stage will widen the scope to take in all members.

A circular from the Central Committee calls the new stage "an important step toward consolidating and developing the benefits achieved since the consolidation began. It is aimed at improving party members' political quality, maintaining party discipline and purifying party organizations". The principle of seeking truth from facts must be adopted in the reassessment, and procedures prescribed in the party Constitution must be strictly abided by, the circular says.

It says that members must be shown written assessments of themselves, and must be able to defend themselves. They can use witnesses, appeal to superior party organizations or reserve their disagreements. Those found unsuitable for membership can be given a period of time in which to study, mend their ways and repent. But those found to have made grave errors and who refuse to repent despite education and help should be dealt with severely, the circular says.

A party member's performance since the Third Plenary Session of the 11th Central Committee in 1978 will play an important part in the reassessment. That session was important because it formulated the guidelines for the policies now being implemented in China.

Party leaders believe the vast majority of members are well-qualified in their work, so emphasis in the reassessment and registration procedures should be placed on ideology.

## Circular Issued

OW231442 Beijing XINHUA Domestic Service in Chinese 0841 GMT 23 Nov 84

[XINHUA Domestic Service in Chinese at 0840 GMT on 23 November transmits a "public notice," requesting that the following item be published as the leading article on the front page]

[Text] Beijing, 23 Nov (XINHUA) -- The CPC Central Commission for Guiding Party Rectification has issued Circular No 10, saying that all units engaged in party rectification, after basically fulfilling the tasks for the phase of rectification and correction, may immediately enter the next phase and seriously carry out the work of organizational measures and the registration of party members in order to preserve the pure and advance nature of party organizations. The full text of this circular follows:



Circular of the CPC Central Commission for Guiding Party Rectification on Seriously Carrying Out the Work of Organizational Measures and the Registration of Party Members (22 November 1984)

1. Most of the units involved in the first-stage of party rectification have spent about 3 months doing the work of rectification and correction. Party committees and leading party groups of all provinces, autonomous regions, municipalities, all departments and commission of the CPC Central Committee, and stage organs should conscientiously check the work of rectification and correction done by the party rectification units in their respective localities and departments in accordance with the requirements of the Decision of the CPC Central Committee on Party Rectification and Circular No 9 of the Central Commission for Guiding Party Rectification and by the method of combining the efforts of leaders and masses. Those units which have basically fulfilled the tasks for the rectification and correction phase may immediately enter the phase of organizational measures and registration of party members. As for those units which have progressed slowly and have not yet met the basic requirements for the rectification and correction phase, it is necessary to supervise, urge, and guide them to adopt effective measures to make the best use of their time and do a good job of rectification and correction in conjunction with their efforts to study the decision of the 3d Plenary Session of the 12th CPC Central Committee. After that, they can enter the next phase.
2. Seriously carrying out the work of organizational measures and the registration of party members is an important step to complete the whole work of the current party rectification and to consolidate and develop its positive results organizationally. The basic objectives and requirements of the work for this phase are to truly preserve the pure and advanced nature of party organizations and to further raise the ideological and political quality and the sense of organization and discipline of the broad masses of party members by conducting in-depth education in the requirements for party membership and party discipline, by seriously dealing with those party members who have violated party discipline and injured party interests, and by carrying out the registration of party members in a prudent way.
3. Taking organizational measures toward party members is a very serious and meticulous task. It is imperative to adopt a resolute, yet prudent principle. It is imperative to keep to the party's principles, persist in the approach of seeking truth from facts, and act seriously according to the policies related to the Decision of the CPC Central Committee on Party Rectification. The procedures for organizational measures toward party members as prescribed in the party Constitution must be strictly followed. The organizational conclusion on a party member and the decision on his treatment should be made known to the party member himself. He should be allowed to defend himself, make appeals, and have reservations. Other comrades should also be allowed to defend him. In case it is shown with conclusive evidence that a party member has committed serious mistakes, the verdict on the nature of his mistakes is accurate, and the treatment is appropriate, but he refuses to acknowledge his mistakes and assumes a bad attitude, he should be dealt with severely.
4. Seriously carrying out the registration of party members is an important organizational measure to be taken by our party in view of the actual situation that the ranks of our party are unsuitable for the new situation and tasks faced by our party. It is also a special feature in the current party rectification.

To the majority of party members, the member registration is to enable them to understand fully the necessary conditions for being a qualified party member in the new period, set stricter demands on themselves, strengthen party spirit and the sense of revolutionary responsibility, and consciously develop their exemplary vanguard role among the masses. It is necessary to dismiss from the party through registration the small number of party members who do not meet the standards for being qualified party members and who have made no progress through education, in order to preserve the advanced nature and fighting capability of the party organization.

The key to registering party members well lies in correctly and fully knowing the criteria for party members. The criteria for party members are precisely the most fundamental requirements for party members stipulated in Article Two and the eight duties that must be fulfilled by party members stipulated in Article Three of the Constitution of the Communist Party of China.

Presently, when we judge a party member to see if he meets the abovementioned criteria and is qualified or not, the most important thing is to see his actual performances in various aspects since the convocation of the 3d Plenary Session of the 11th CPC Central Committee. The practice of party rectification in the past year continued to prove that the overwhelming majority of party members of various units undergoing party rectification are good or relatively good and meet or basically meet the criteria for party members. However, there are indeed some party members who do not meet the criteria for party members. The registration of party members should proceed from the actual situation and be conducted seriously and carefully. It is also necessary to pay attention to practical results and refrain from practicing formalism and fault-finding. It is necessary to lay stress on ideological education for the broad masses of party members and the examination of the small number of party members whose registration should be postponed or rejected.

Registration of party members can generally be done in about 1 month. Toward individual party members whose problems are serious, but conclusions cannot be made for the time being because investigations of the problems are not complete, the issue of registration will be discussed later, according to the criteria for party members, when the investigations are completed.

5. Carrying out the work of organizational measures and the registration of party members are important matters of political life within the party. Party committees and leading party groups must proceed from reality, make specific arrangements and provide meticulous guidance. As for the small number of party branches and other party organizations at the grassroots level whose leading members are unhealthy or unsuitable for the jobs, the registration of party members should be conducted following the readjustment or reelection of those party branches and organizations. The party organizations and leading party members of units undergoing party rectification should all give full play to democracy and guard against making personal decisions or decisions by a few people; factional interference; and bearing resentment and retaliating against others by taking advantage of opportunity. It is necessary to seriously deal with such behavior upon its discovery.

Various units undergoing party rectification must strive to fulfill the tasks in this phase of party rectification with a high standard and pay attention to consolidating and developing the achievements obtained in previous phases of party rectification so that after this rectification all party organizations will have a new situation of unified thinking, correct style of work, good discipline, purified organization, close unity, vitality and progress, and will fully develop their role as fighting forces in reforming the economic structure and building socialist modernization.



RENMIN RIBAO HAILS FIRST PHASE OF RECTIFICATION

HK231340 Beijing RENMIN RIBAO in Chinese 22 Nov 84 p 1

["Today's Talk" feature by Zhong Huai: "Valuable Experience"]

[Text] Soon, the first phase of party rectification will be over and the second phase of party rectification will begin. Some departments are summing up experiences and giving instructions about new assignments. The current party rectification is indeed greatly different from previous rectifications of incorrect work styles and party rectification. It does not have the "smell of gunpowder" of past political movements. The outward "vigor and vitality" has been replaced by thoroughgoing and painstaking ideological education, and "criticism from a higher plane of principle" in a blustering and aggressive manner has been replaced by heart-to-heart talks and criticism and self-criticism based on facts.

Can problems be solved this way? Yes. In the course of education on thoroughly negating the "Cultural Revolution," some comrades wept bitterly not because of any pressure exerted by others but because they truly realized their mistakes. It is true that a few people have a low level of political consciousness, but as far as most people are concerned, they have learned something and made progress ideologically, in their work style, or in observing discipline.

Some people once worried whether or not the current party rectification would become another movement to attack people. Practice in the past year has assured people that such a worry is not necessary. Our party has resolutely abandoned the "leftist" practices of the past, and inner party life has become increasingly healthy. How valuable is the experience of the first phase of party rectification!

STATE COUNCIL LISTS NEW OFFICIAL APPOINTMENTS

OW242336 Beijing XINHUA Domestic Service in Chinese 0809 GMT 24 Nov 84

[Text] Beijing, 24 Nov (XINHUA) -- The following is a list of functionaries appointed by the State Council:

Bao Keming [7637 0344 2494] is appointed vice minister of space industry, effective 26 October 1984; Song Zhiyuan [1345 4160 0337] and Wu Jizhuan [0702 1015 0278] are appointed vice ministers of posts and telecommunications, effective 2 November 1984; and Yuan Weiming [5913 0251 2494] is appointed vice minister of the State Physical Culture and Sports Commission, effective 5 November 1984.

HU YAOBANG HEARS JIANGSU COUNTY DEVELOPMENT PLAN

OW212200 Beijing XINHUA Domestic Service in Chinese 0215 GMT 21 Nov 84

[By reporter Xu Xinhua]

[Excerpts] Nanjing, 21 Nov (XINHUA) -- XINHUA editor's note: When Comrade Hu Yaobang was traveling from Shandong to Jiangsu, he listened to briefings given by 20 counties. Each of these counties is confident of quadrupling its gross annual value of industrial and agricultural production by the end of this century. In particular, Lianshui County, formerly known as a poor county in northern Jiangsu, has doubled three records in 5 years and has become a typical model in this regard. The following report on this county is inspiring; and its development plan, which is aimed at achieving the objective of quadrupling the gross annual value of industrial and agricultural production ahead of schedule, gives people a good education.

A few years ago, many counties had no plans and lacked sufficient confidence to achieve the objective of quadrupling the gross annual value of industrial and agricultural production and making the people comparatively well-off by the end of this century as set forth by the 12th CPC National Congress. The situation is quite different now. Many counties are filled with confidence and are prepared to quadruple their gross annual industrial and agricultural output value ahead of schedule. This is quite a big change! While they have the confidence to do this, they should also have a good plan. Where does the good plan come from? According to the experience of Lianshui County, it is necessary to persist in the principle of taking measures in light of the local situation and making full use of the favorable conditions in various localities based on investigations and studies. At the same time, it is necessary to acquire scientific knowledge in order to march forward toward modernization. Only in this way is it possible to achieve the objective of quadrupling the gross annual value of industrial and agricultural production. The following report, which states Lianshui County's experience in this regard, is worth reading by our comrades who do rural work in various localities. [end editor's note]

Hu Yaobang, general secretary of the CPC Central Committee, came to Lianshui County, Jiangsu Province, on 29 October. With deep interest he listened to a briefing on the drastic change that occurred in this county in recent years and its proposal for achieving the objective of quadrupling the gross annual value of industrial and agricultural output ahead of schedule. Comrade Hu Yaobang also said that he had heard 20 counties' briefings on his way from Shandong to Jiangsu, and that each county had shown soaring energy in its work, fully confident of quadrupling the gross annual industrial and agricultural output value by the end of this century. The plans drawn up by these counties to achieve this objective, he said, are relatively realistic; that is, they were drawn up on the basis of the specific local conditions and by taking account of reality.

During the 5 years from 1979 to 1983, Lianshui County doubled its three records; namely, the gross annual value of industrial and agricultural production, the average income of commune members, and contributions to the state. This unexpected result has given great confidence to this county's cadres and masses and has aroused a strong hope in their minds. With a wider vista, more flexible thinking, and greater resourcefulness, they are now mapping out their plan and measures to achieve the objective of quadrupling the gross annual value of industrial and agricultural production by the year 1990.

The specific idea on which their plan is based is to use the 1980 gross industrial and agricultural production value in the amount of 320 million yuan as a base figure, double it by 1986, and redouble it by 1990. By the end of this century, the amount will be doubled a third time. Specific targets are as follows: By 1986, the gross value of industrial and agricultural production will be 640 million yuan, average per-capita output value 750 yuan, and average per-capita income 450 yuan. By 1990, the gross value of industrial and agricultural production will be 1.29 billion yuan, average per-capita output value 1,500 yuan, and average per-capita income 950 yuan. By 2000, the gross value of industrial and agricultural production will be 2.58 billion yuan, average per-capita output value 3,000 yuan, and average per-capita income 2,000 yuan.

Based on the medium- and long-term objectives, the Lianshui County CPC Committee and government have already worked out a concrete economic development plan for 1985. Arrangements are being made for the implementation of this plan.

IMPLEMENTING POLICY ON FORMER KMT PERSONNEL URGED

HK240508 Beijing ZHONGGUO XINWEN SHE in Chinese 0754 GMT 23 Nov 84

[Report: "The Beijing Municipal CPC Committee Once Again Stresses Implementation of the Policy Toward Former KMT Personnel Who Revolted and Crossed Over"]

[Text] Beijing, 23 Nov (ZHONGGUO XINWEN SHE) -- According to a BEIJING RIBAO report, at a work conference on the implementation of the policy toward former KMT personnel who revolted and crossed over, the Beijing Municipal CPC Committee once again stressed the need to prevent and overcome the "leftist" ideological influence and to make further efforts to speed up the completion of this work and ensure its quality.

The meeting pointed out that Beijing is a big city that helped to end the war and which won liberation by peaceful means during the liberation war. The former KMT military and government personnel who participated in its peaceful liberation and who accepted peaceful reorganization or peaceful takeover made certain contributions to the liberation of Beijing. After liberation, they also did useful work in both the construction cause and the work of promoting the great cause of reunifying the motherland. Practice has proved that the policies "all patriots belong to one family; let bygones be bygones; treat equally without discrimination; assign jobs to people according to their abilities and make proper arrangements for their placement," which the CPC has implemented toward the personnel who revolted and crossed over is quite correct. However, due to the "leftist" ideological influence and interference, particularly the sabotage of the Lin Biao and Jiang Qing counterrevolutionary cliques, some of the personnel who revolted and crossed over have been treated unfairly and have been dealt with erroneously. Resolutely rectifying this error is an important task in adhering to the line laid down since the 3d Plenary Session of the 11th CPC Central Committee, setting things to right, and thoroughly negating the "Great Cultural Revolution," and is a matter of major importance in consolidating and developing the political situation characterized by stability and unity, promoting the four modernizations program and the great cause of reunifying the motherland, and restoring the fine traditions of the party.

In recent years, Beijing Municipality has done a lot of work and has scored great successes in investigating and determining the identity of the personnel who revolted and crossed over, making arrangements for their placement, and granting them extra allowances for living expenses. It is reported, however, that the identity of some personnel who revolted and crossed over has not been determined; that proper arrangements have not been made for a number of personnel needing placement; and that the districts, counties, and bureaus which have nearly completed this work should continue to conscientiously solve some remaining problems.

At the work conference which was held on 20 November, Jia Chunwang, deputy secretary of the Beijing Municipal CPC Committee, called on the party committees at all levels to further strengthen leadership and their forces and to make concerted efforts from top to bottom to complete this task.

'ETHICS,' ACTIONS OF OFFICIALS EXAMINED

HK240440 Beijing RENMIN RIBAO in Chinese 21 Nov 84 p 4

["Random Talk" column by Xu Quanli: "A Talk on the 'Ethics of Officials'"]

[Text] In his attempt to build a house for himself, the secretary of a township party committee forcibly asked a peasant to "relinquish" the latter's housing space to him.



The "township official" employed people to start building the house before obtaining the peasant's approval. When the peasant tried to stop it, the "township official" flew into a rage. Summoning the construction personnel to his dwelling place, he told them to take a rope with them, saying: "If he should stir up trouble again, tie him up." Thus, the "township official" not only took advantage of his power to forcibly occupy the peasant's housing space, but also illegally constrained him.

People engaged in trade should pay attention to "business ethics," those treating diseases should pay attention to "medical ethics," and so on. In short, all personnel working at their posts should pay attention to "professional ethics." Even "officials" are no exception.

Our "officials" today are the "public servants" of the people. Just as Comrade Peng Dehuai said: "We should be like a broom in the hands of the people and not let the people respect us, commend us, and fear us as if we were a clay Buddhist idol." It can be said that Commander Peng's remarks most satisfactorily summarize the "ethics of officials" that Communist Party members should have. Measured by this standard, the "township official" and other "officials" who wantonly infringe upon the interests of the masses of people or who "not only curse but also beat" the masses of people lag far behind.

#### RENMIN RIBAO WARNS AGAINST BEATING PEOPLE

HK240452 Beijing RENMIN RIBAO in Chinese 22 Nov 84 p 4

["Random Talk" Column by Shi Jiao: "Guard Against Repetition of the Old Practices of the 'Cultural Revolution'"]

[Text] After reading the article entitled "A Talk on the 'Ethics of Officials'" carried in the "Random Talk" column on page four of RENMIN RIBAO [21 November] I thought the thread of ideas in the article had not been exhausted, so I want to add a few words.

It was indeed detestable for the secretary of a township party committee to forcibly occupy the housing space of a peasant and to use a rope on the peasant. However, people do not feel uncomfortable about this illegal act. During the "Cultural Revolution," most of the "township officials," like the "chairmen of the revolutionary committees" of the rebel factions, frequently compelled the peasants to give in by various means, such as tying them up and stringing them up before beating them. What is serious is that even now this "township official" still plays old tricks from the "Cultural Revolution."

Although township party committees are units scheduled to carry out party rectification at the second stage, the principle of the CPC Central Committee, however, is to carry out simultaneous rectification and to correct defects, or to correct defects before carrying out rectification. The township party committee secretary violated the law while carrying out rectification. The relevant department at a higher level should conduct an investigation of this event and, if it proves to be true, deal with him according to party discipline and state law. In so doing we can not only redress an injustice for the people but also educate other similar "township officials." Moreover, in future party rectification, the units carrying out party rectification should continuously pay close attention to education in thoroughly negating the "Cultural Revolution." In this way we can prevent the old practices of the "Cultural Revolution" from ever happening again.



CONCEPT OF COMMODITY ECONOMY IN REFORM VIEWED

HK210831 Beijing RENMIN RIBAO in Chinese 16 Nov 84 p 5

[Article by Liu Guoguang: "Eradicate the Idea of Natural Economy, Establish the Concept of Commodity Economy"]

[Text] The CPC Central Committee's decision on the reform of the economic structure embodies a series of breakthroughs and a development in Marxist economic theory. A particularly noticeable breakthrough is the recognition of the commodity economy as an attribute of the socialist economy. The "decision" points out that the socialist planned economy "is a planned commodity economy based on public ownership." For the first time, the traditional idea of pitting the planned economy against the commodity economy is definitely repudiated by a document adopted by our party. This is of great significance not only to the reform of the planning system but also to the reform of the economic system as a whole.

Our country's original economic system is an overcentralized planned economic system which mainly operates by administrative means and rejects the regulative role of the market mechanism. An important part of this system's theoretical basis is the "theory of the natural economy" which rejects the commodity economy as an attribute of the socialist economy and denies that the planned economy must operate in line with and make use of the law of value. The late economist Sun Yefang pointed out that both the Soviet and Chinese planned economic systems took shape under the influence of the theory of the natural economy. People used to attach undue importance to output value and growth but ignore economic results; put stress on distribution in kind while overlooking commodity circulation; regard price as merely a means of measurement regardless of the principle of exchange at equal value; practice the system of supply gratis while forsaking capital accounting; and seek no technological progress but simply "reproduce antiques." All these practices were quite common in economic operation. In fact, the thought of natural economy has a much more widespread influence. The original economic model of our country rejects many other economic models in respect to the ownership structure; vests too much power in state organization with respect to the economic decisionmaking structure and thus deprives the enterprise as a commodity producer of its initiative in operation; denies the market mechanism in respect to the economic regulative system, but uses administrative instruction as the major means of management; practices in respect to economic organizational structure, a system featuring no separation of government administration and enterprise management, separation between areas and between departments, the organizational form of small but complete enterprises, and that of large but complete enterprises; advocates egalitarianism and the practice of eating from the same big pot in respect to the structure of economic interests; adopts the policy of closing the country to international intercourse and inclines to a complacent and conservative mentality with respect to foreign economic relations; and so on. All these feature of our original economic model are related to the concept of natural economy. It is very difficult to eliminate once and for all the above shortcomings of the old system without completely clearing up the influence of the concept of natural economy.

The "decision" serves as our powerful weapon to counter the concept of natural economy. Both theory and practice have proven that the socialist economy has the nature of the planned economy because people's fundamental interests coincide under public ownership and, at the same time, is bound to have the characteristics of the commodity economy because the difference in interests between people arising from the fact that labor remains a means to earn a living and from the fact that other factors demand that the principle of exchange and compensation of equal value be observed with regard to economic relations.

Therefore, it is definitely possible to integrate the socialist planned economy with the commodity economy. Meanwhile, certain contradictions between the planned economy and the commodity economy arising from the difference between the overall interests of society and the partial interests of the enterprise and the individual definitely can and should be solved by various organs within the scope of the planned economy, given that the fundamental interests of the three parties coincide.

To build up new socialist economic and planning systems, we must take the special characteristics of the socialist economy into account, cope with the need of vigorously developing the commodity economy, and conscientiously act in line with and make use of the law of value. Otherwise, our planned economy will be one-sided and crippled. The concepts of natural economy that pit the planned economy against the commodity economy and disregard the law of value are theoretically groundless and very pernicious in practice.

We must thoroughly eradicate the natural economy concept and resolutely adopt the commodity economy concept. As soon as we clearly define the nature of socialism as a planned economy under commodity economic conditions, or more precisely, a planned commodity economy, we will be able to properly solve a series of problems concerning the structural reform based on this theory. And we will be able to explain, based on sufficient grounds, a series of questions such as: Why the socialist enterprise should be a commodity producer which operates on its own, takes full responsibility for profits and losses, and is relatively independent? Why practicing the planned economy does not mean taking the command plan as the key link? Why should we appropriately expand the floating price range and the scope of free pricing? Why should we practice the system of separation between government work and enterprise management, streamline administration and delegate power to lower levels, break with barriers and monopoly, and encourage moderate competition? Why should we encourage some areas, some enterprises, and some people to get rich first and help the others to get rich step by step afterward? And why should we actively develop multiple economic forms and expand economic and technological exchange at home and with foreign countries? All these measures are closely related to the necessity of vigorously developing the socialist commodity economy and conscientiously making use of the law of value. One of the major tasks of our economic theorists is to keep abreast of the realities of socialist construction, thoroughly study the problems concerning the socialist commodity economy and the law of value, scientifically prove and publicize the correctness of the party's guideline for reform, probe in terms of theory into the way and form to implement the guideline for reform, and assist the party and the government in directing the reform to carry on smoothly.

#### YU GUANGYUAN ON PLANNING SYSTEM REFORM

HK230741 Beijing RENMIN RIBAO in Chinese 16 Nov 84 p 5

[Article by Yu Guangyuan: "The Theoretical Basis for the Reform of the Planning System"]

[Text] In the "Decision of the CPC Central Committee on Reform of the Economic Structure Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee, the planning system occupies a particularly important position. With regard to the reform of the planning system, the fundamental requirement of the "decision" is to establish in China "a planning system under which the law of value is consciously applied in developing a socialist commodity economy." With respect to the reform of the planning system, the "decision" continues to affirm that our socialist country practices a planned economy on the basis of public ownership of production means, and is not a market economy entirely subject to market regulation; and at the same time, the "decision" further points out that our socialist planning system should be one that combines uniformity and flexibility.

On the whole, our national economic plans can only be rough and flexible. It is also necessary to exercise effective control, through striking an overall balance and through regulation by economic means, over major issues, while allowing flexibility on minor ones. Mandatory planning will be applied to major products which have a direct bearing on the national economy and the people's livelihood, and which have to be allocated and distributed by the state, as well as major economic activities that effect the overall situation. Other products and economic activities which are far more numerous should either come under guidance planning or be left entirely to the operation of the market. With regard to the mode of planning, it is necessary, step by step and to an appropriate extent, to reduce the scope of mandatory planning and extend guidance planning. This planning system, which is to be implemented in accordance with the decision of the 3d Plenary Session of the 12th CPC Central Committee, has a scientific socialist planning theory as its basis.

The basis for conducting such a reform of the planning system is that a fresh understanding is gained regarding the theory of the socialist planned economy and that greater attention is paid to close association with the realities of our country. The combination of these two aspects means that on the question of the planning system, it is also necessary to follow a socialist path with Chinese characteristics under the guidance of the universal truth of Marxism.

With regard to the theoretical basis for reforming the planning system, I think that the following points are of greater importance.

1. There is a misconception that the greater the scope a plan comprises, the higher the degree of planning it has. This is not true in practice.

We know that the economic life of modern society is very complex. Just take direct production for example. In modern society, direct production is a very vast system with a very complex internal mechanism. The number of products turned out is innumerable. At the same time, there are also various kinds of labor services production. In addition, there are also complex relations among various kinds of products produced with different materials. If the processes of distribution, exchange, and consumption are taken into consideration, society's entire economic life is a far more complex system. Furthermore, in various links in connection with production, exchange, distribution, and consumption, living human beings are playing their role everywhere. The influence of their interests, will, and behavior on the whole of economic life cannot be ignored. Therefore, it is not very appropriate to compare the whole socialist economy to a large machine. If a comparison has to be made, this machine must be endowed with a special attribute, that is, it is not composed of parts and elements in a rigid formation, but in a supple formation, or in an "elastic" formation, as termed by the "decision." Therefore, even in a socialist country with only one percent of our population, it would still be impossible to work out a complete and integrated plan and to implement such a plan. This appears to be a universal principle applicable to all socialist countries. As for China, which is a country with a vast territory, a large population, poor transportation conditions, inadequate information facilities, and uneven economic and cultural development in its various regions, it is more obvious that it is impossible for a center to work out such a complete and integrated plan.

It is not difficult to understand that if the scope of a plan is expanded excessively, it will lead to a "discrepancy between the subjective guidelines for planning and objective conditions" as described by the document, and society's economic life will not be able to develop in a coordinated way. It is also not difficult to understand that the power of planning is, after all, very limited. If flexibility is not allowed on minor issues, there will be insufficient strength to exercise effective control over major ones. On the contrary, the extent of planning will be lessened.



COMPANIES, ENTERPRISES MUST END POWER CONTEST

HK210719 Beijing RENMIN RIBAO in Chinese 16 Nov 84 p 2

[Article by Reporter Dong Huanliang: "Companies Should Not Contend With Enterprises for Power -- Discussing a Question Concerning Streamlining Administration and Instituting Decentralization at Present" -- capitalized passages published in boldface]

[Text] In recent months, some companies in Shanghai have "centralized power [qi ye hua -- 0120 2814 0553]." Consequently, grassroots enterprises have been deprived of their power and right to be in charge of things. Comrades from the enterprises reported: By "centralizing power," companies have centralized the legitimate decision-making power of the enterprises in their own hands. By interfering with the operation and management of the enterprises by both administrative and economic means, companies are exercising even more rigid control over enterprises than they did by administrative means in the past.

**FURTHER CENTRALIZATION OF POWER.** Under the pretext of "centralization of power," these companies have deprived the enterprises of their decisionmaking power, which, according to the State Council, should be expanded. By centralizing the management of manpower, financial and material resources, production, supply, and marketing, the Shanghai Package Company has restricted production and the operation of the factories. Because of its poor relations with the municipal metallic mineral import and export corporation, the company's business is declining. In 1982, the Shanghai No 1 Package Plant was responsible for exporting some products. However, it has been basically deprived of this responsibility this year. In fact, the plant has rather superior facilities and a rather large technical force and production capacity. However, because of the absence of channels between production and marketing, production is out of the question.

**THE COMPANY HAS TAKEN AWAY BENEFITS.** The company, with its administrative power, issues orders, assigns difficult tasks to enterprises, and unreasonably carves up the enterprises' legitimate benefits. Company rules stipulate that raw and processed materials needed by the Shanghai No 1 Package Plant should be ordered through the company. For each ton of raw or processed materials delivered to the plant by the company, the latter charges the former 25 yuan. Even if the raw or processed materials are directly delivered to the plant by raw and processed materials plants, the company issues receipts to the plant and charges it all the same.

**CONTINUING TO "EAT FROM THE SAME BIG POT."** In continuing to "eat from the same big pot," the company prevents the factories from freely selecting units for cooperation. The quality of the steel wire produced by the Shanghai Baoshan Rolling Mill is poor. Because of the high production cost, it is quite expensive. In addition, the rolling mill is quite far away. However, the company forces the package plant to continue to buy steel wire from it.

The invigoration of enterprises is the key to the reform of the economic structure, which focuses on the cities. However, the Shanghai package company's practice of "centralizing power" is, in varying degrees, popular in some other companies. For example, not long ago, the Shanghai light industry machinery company passed regulations expressly providing that the decisionmaking power delegated to the enterprises by the State Council and the powers delegated by departments-in-charge at higher levels are to be centralized in the hands of the company. Factories and plants organizing external economic activities are required to first make it known that they are "under the Shanghai light industry machinery company." The company even regards this as the "right" of the plants and factories.



Practice has proved that by centralizing all power in their hands and by making the grassroots enterprises bear all responsibilities, the companies cannot invigorate the enterprises. They can only make their control of the enterprises even more rigid.

Presently, the problem of power contention between the companies and the enterprises must be speedily solved. The key to the solution of this problem lies in the consolidation of the companies and the correct handling of the relations between the companies and enterprises. In principle, the administrative companies should be reorganized or dissolved. The remaining companies, except individual ones, should be turned into joint companies or companies providing various services. Both national companies and local companies should solve problems for the enterprises and serve them. The power of enterprises should be expanded. It should not shrink. The power unambiguously delegated to the enterprises by the State Council must be duly delegated to them. Otherwise, we cannot invigorate the first line of production.

In order for the socialist commodity economy to develop, relations between the administrative organs of the companies and the enterprises must be those between economic organizations. The former should provide selected, paid services which the enterprises need in the areas of supply of raw and processed materials, sales of products, introduction of technologies, advice on management, market investigation, and the training of personnel. The enterprises are to pay them according to the quality and quantity of service (they can also settle their accounts among themselves). The administrative organs should serve the enterprises.

#### STATE WORKERS WARNED AGAINST ENGAGING IN TRADE

HK230756 Beijing RENMIN RIBAO in Chinese 20 Nov 84 p 1

[Commentator's article: "Strictly Prohibit State Workers From Engaging in Commercial Business"]

[Text] With the steady implementation of the policy of invigorating the domestic economy and opening to the outside world, the rural and urban population is more and more confident and interested in developing socialist commodity production, new businesses are on the rise, and never before has the domestic market been as brisk as it is today. The trend of events is encouraging.

However, a characteristic of the trend merits our attention. A tiny minority of state workers (referring to working personnel of party and government organs and mass organizations) engage in trade in various forms in their own name or in groups. In fact, they have become both officials and businessmen.

State functionaries hold power in their hands, over either major or minor issues. If they engage in trade, they are liable to abuse the power entrusted to them, which can be regarded as special favorable conditions for them, and to reap staggering profits by reselling or even speculating. Those who abuse the powers entrusted to them to engage in trade actually aim at seeking personal gain under the pretext of serving the people. In this way their glorious title of state functionaries will fade away by degrees.

One of the tasks for the current consolidation of party organization is to "develop the revolutionary spirit of serving the people wholeheartedly and eliminate all acts of abusing power to seek personal gain." The style of our party has now improved greatly, but we should make unceasing efforts to put an end to all kinds of unhealthy tendencies. State functionaries engaging in trade is a new unhealthy tendency emerging in the current reform of the economic structure. This affects and harms the reform. We should in no way regard it as unimportant.

By putting forward such a serious question, we aim to remind the majority of state functionaries to restrain themselves from engaging in trade and to persuade their children not to do so. We also aim to redeem those who have gone astray in order so that they can stop at the brink of the precipice and return to the right track of serving the people.

#### REGULATIONS ON PREFERENTIAL TREATMENT FOR INVESTORS

HK240854 Beijing RENMIN RIBAO in Chinese 18 Nov 84 p 2

["Temporary Provisions Issued by the State Council on Tax Reduction and Exemption in Special Economic Zones and 14 Port Cities"]

[Text] In order to help the 4 special economic zones -- Shantou, Shenzhen, Zhuhai, Xiamen -- and the 14 port cities -- Dalian, Qinhuangdao, Tianjin, Yantai, Qingdao, Lianyungang, Nantong, Shanghai, Ningbo, Wenzhou, Fuzhou, Guangzhou, Zhangjiang, and Beihai -- to expand economic cooperation and technological exchanges with foreign countries, absorb foreign capital, import advanced technology, and speed up socialist modernization, we specially grant to the foreign, Hong Kong, and Macao firms and enterprises and individuals from these areas (hereinafter referred to as investors) who establish joint ventures using Chinese and foreign capital to Chinese-foreign cooperative enterprises, and to independent enterprises in the above special zones and cities, the favor of reducing or exempting their enterprises income tax and industrial and commercial consolidated tax.

#### I. Special Economic Zones

A. A 15 percent enterprise income tax shall be levied on income derived from production, business, and other sources by any joint venture established with Chinese and foreign capital, any Chinese-foreign cooperative enterprise, or any foreign independent enterprise (hereinafter referred to as special zone enterprise) operating in the special economic zones (hereinafter referred to as special zones).

1. An enterprise scheduled to operate for a period of 10 years or more in industry, communications, transportation, agriculture, forestry, animal husbandry, and other forms of production may, upon approval by the special zones' tax authorities of an application filed by the enterprise, be exempted from income tax in the first and second profit-making years, and be allowed a 50 percent reduction from the third through the fifth year.

2. An enterprise in which an investor has invested \$5 million or more and which is scheduled to operate for a period of 10 years or more in various services may, upon approval by the special zones' tax authorities, be exempted from income tax in the first profit making year and be allowed a 50 percent reduction in the second and third years.

B. If a special zone enterprise needs a reduction in or exemption from local income tax, this shall be decided by the special zone people's governments.

C. Income tax shall not be levied on an investor's share of profit from a joint venture built with Chinese and foreign capital which he remits abroad.

D. Except where exemption is provided by law, a 10 percent income tax shall be levied on income obtained from dividends, interest, rentals, royalties, and other sources in the special zones by investors who have no establishments in China.

If an investor needs further reduction or exemption on account of the favorable terms under which capital or facilities are provided by him or the advanced quality of the technology transferred, this shall be decided by the special zone people's governments.

E. The goods imported or exported by the special zone enterprises should be subject to an industrial and commercial consolidated tax. However, before the completion of the construction of the special zone administrative parameters, the machinery, facilities, raw and processed materials, spare parts, means of transportation, and other means of production which are necessary for production are exempted from the industrial and commercial consolidated tax. Those means of transportation and durable consumer goods whose import is restricted by the state shall be subject to the industrial and commercial consolidated tax in accordance with regulations. Imported mineral oil, tobacco, liquor, and daily necessities shall be subject to half of the industrial and commercial consolidated tax prescribed by the taxation law. After the construction of the special zone administrative parameters is completed, imported mineral oil, tobacco, and liquor shall still be subject to half of the industrial and commercial tax prescribed by the taxation law. Other imported goods will be exempted from industrial and commercial consolidated tax. A reasonable quantity of tobacco and liquor carried by investors for their own consumption, their luggage, and goods for setting up homes are exempted from industrial and commercial consolidated tax.

F. With the exception of those products whose export is restricted by the state and a few other specified products, export products manufactured by the special zone enterprises are exempted from industrial and commercial consolidated tax.

G. The industrial and commercial consolidated tax imposed, in accordance with the taxation law, on the mineral oil, tobacco, and liquor produced by the special zone enterprises and sold within the special zone shall be reduced by half. The special zone people's governments can freely decide to impose full or lower industrial and commercial consolidated tax on a few products. Other products are exempted from industrial and commercial consolidated tax.

H. In the event that a special zone enterprise transports those imported goods free from industrial and commercial consolidated tax and those products manufactured in the special zones to the mainland, it should, upon the entrance of these products into the mainland, pay the industrial and commercial consolidated tax in accordance with the taxation law. A reasonable quantity of luggage carried by investors from the special zones to the mainland is exempted from industrial and commercial consolidated tax.

I. Special zone enterprises which derive their income from their operation in commerce, communications, transportation, and other services should pay the industrial and commercial consolidated tax at the rates prescribed by the taxation law. A 3 percent industrial and commercial consolidated tax shall be levied on banking and insurance firms' incomes. If the above enterprises need regular reductions in or exemption from industrial and commercial consolidated tax in the first years of their operation, this shall be decided by the special zone people's governments.

J. The enterprise income tax and industrial and commercial consolidated tax levied on those joint ventures built with Chinese and foreign capital, Chinese-foreign cooperative enterprises, and independent foreign enterprises in the Hainan Administrative Region, Guangdong, shall be reduced or exempted in accordance with the regulations governing tax reduction or exemption in the special zones.



## II. The Economic and Technological Development Zones in the 14 Coastal Port Cities

A. A 15 percent enterprise income tax shall be levied on the income derived from production, business, and other sources by the joint ventures built with Chinese and foreign capital, Chinese-foreign cooperative enterprises, and independent productive foreign enterprises (hereinafter referred to as development zone enterprises) operating in the economic and technological development zones (hereinafter referred to as development zones). Of these enterprises, those scheduled to operate for a period of 10 years or more may, upon approval by the tax authorities of the cities, be exempted from income tax in the first and second profit-making years and be allowed a 50 percent reduction from the third through the fifth year.

B. If a development zone enterprise needs a reduction in or exemption from local income tax, this shall be decided by the people's government of the city in which the development zone is located.

C. Income tax shall not be levied on the investor's share of the profit which he remits abroad of a joint venture built with Chinese and foreign capital in a development zone.

D. Except where exemption is provided by the laws, a 10 percent income tax shall be levied on the income obtained from dividends, interest, rentals, royalties, and other sources in the development zones by investors who have no establishments in China. If an investor needs further reduction or exemption on account of the favorable terms under which capital or facilities are provided by him or the advanced quality of the technology transferred, this shall be decided by the people's government of the city in which the development zone is located.

E. The building materials, production facilities, raw and processed materials, spare parts, elements, means of transportation, and office stationery imported by the development zone enterprises from their own use or consumption shall be exempted from industrial and commercial consolidated tax. In the event that the development zone enterprises sell the products processed from the tax-free imported raw and processed materials, spare parts, and elements to other parts of the country, the materials, spare parts, and elements imported by them shall be retroactively subject to the industrial and commercial consolidated tax in accordance with the regulations.

F. With the exception of those whose export is restricted by the state, export products by the development zone enterprises shall be exempted from industrial and commercial consolidated tax. Products sold to other parts of the country shall be taxed in accordance with the regulations.

G. A reasonable quantity of transportation means and goods for setting up homes carried by workers of the development zone enterprises and by investors living in the development zones who hold documents issued by the cities' development zone administration committees shall be exempted from industrial and commercial consolidated tax.

## III. The Old Downtown Areas of the 14 Coastal Port Cities and the Downtown Areas of Shantou, Zhuhai, and Xiamen

A. Upon the approval of the Ministry of Finance and on the condition that the projects undertaken by the joint ventures established with both Chinese and foreign capital, Chinese-foreign cooperative enterprises, and independent productive foreign enterprises (collectively referred to hereinafter as old downtown area enterprises) in the old downtown areas of the 14 coastal port cities or the downtown areas of Shantou, Zhuhai, and Xiamen (all hereinafter referred to as old downtown areas) are either technology intensive and knowledge projects, or slow-return projects each costing \$30 million or more, or projects in the areas of energy resources, communications, and port construction, a 15 percent enterprise income tax shall be levied on their income.



Upon the approval of the Ministry of Finance, the old downtown area enterprises operating in the following areas are entitled to a 20 percent discount of the enterprise income tax stipulated by the taxation law:

1. The machine-building industry and the electronics industry;
2. The metallurgical industry, the chemical industry, and the building materials industry;
3. The light industry, the textile industry, and the packing industry;
4. The manufacture of medical equipment and the pharmaceutical industry;
5. Agriculture, forestry, animal husbandry, fish and poultry farming, and the processing of products from these undertakings, and;
6. Building construction.

The enterprise income tax to be levied on the income of the old downtown area enterprises shall be exempted or reduced at the above preferential rates within the time and other limits prescribed by the foreign enterprise income tax law and the law governing the income tax of the joint ventures established with both Chinese and foreign capital.

B. If an old downtown area enterprise needs reduction in or exemption from local income tax, this shall be decided by the city people's governments.

C. Except where exemption is provided by the laws, a 10 percent income tax shall be levied on the income obtained from dividends, interest, rentals, royalties, and other sources in the old downtown areas by investors who have no establishments in China. If an investor needs further reduction or exemption on account of the favorable terms under which capital or facilities are provided by him or the advanced quality of the technology transferred, this shall be decided by the city people's governments.

D. The facilities for production and operation and the building materials imported by the old downtown area enterprises as investment or as additional investment and the transportation means and office stationery imported by the enterprises for their own use shall be exempted from industrial and commercial consolidated tax.

E. With the exception of those whose export is restricted by the state, export products produced by the old downtown area enterprises shall be exempted from industrial and commercial consolidated tax. Products sold to other parts of the country shall be taxed in accordance with the regulations.

F. Raw and processed materials, spare parts, elements, and packing materials imported by the old downtown area enterprises for producing export products shall be exempted from industrial and commercial consolidated tax, whereas those imported for producing products to be sold to other parts of the country shall be taxed in accordance with the regulations.

G. A reasonable quantity of transportation means and goods for setting up homes carried by workers and investors of the old downtown area enterprises who have documents issued by the departments concerned under the city people's governments shall be exempted from industrial and commercial consolidated tax.

## IV. Effective dates

The articles on the reduction in and the exemption from income tax have been put into effect since 1984. The articles on the reduction in and exemption from industrial and commercial consolidated tax will be effective from 1 December 1984.

PLA CURBING ILLEGAL HOUSING PRACTICES

OW250951 Beijing XINHUA Domestic Service in Chinese 0928 GMT 23 Nov 84

[Text] Beijing, 23 Nov (XINHUA) -- Central Discipline Inspection Commission note:

The Discipline Inspection Commission of the Central Military Commission has regarded the guidelines laid down in the open letter issued in March last year by the Central Discipline Inspection Commission as important in correcting party style and has earnestly implemented these guidelines. For the past year and more, this work has been carried out very well and remarkable achievements have been scored because the leading comrades of the military commission took a personal interest in, and the party committees at all levels paid full attention to, this work. Illegal practices in housing assignment and construction have been basically curbed. Not long ago, people were assigned especially to gather reports, check houses and accounts, hold mass forums, and adopt measures to conduct spot checks at all levels and handle cases. They continued to solve some problems left over from the past as well as problems that had not been tackled. Their methods merit attention.

Right now, the work of checking and handling cases has been completed in most provinces and cities. The situation is fine. It is hoped that the areas and departments where such work is still being carried out will continue to carry out their work well in order to end well what started out well. [end of note]

After the Central Discipline Inspection Commission issued a circular on the minutes of the meeting to implement the open letter on checking and handling cases, the party committees and discipline inspection commissions of Army units at and above the regimental level acted on the requirements of the Central Discipline Inspection Commission, and checked and handled cases at their respective levels by especially assigning people to attend briefings, check houses and accounts, hold mass forums, and adopt other methods. Together with the organs of the PLA General Logistics Department, the Discipline Inspection Commission of the Central Military Commission made spot checkups in various units in the Beijing, Guanzhou, and Jinan Military Regions and in various Air Force, Navy, and Second Artillery units. The results indicate: Party committees and discipline inspection commissions at all levels throughout the Army have regarded the guidelines laid down in the open letter of the Central Discipline Inspection Commission as important in correcting party style. They have firmly grasped these guidelines, implemented them from beginning to end, and scored remarkable achievements. The unhealthy tendencies in housing assignment and housing construction have been curbed and some long-standing, big, and difficult problems have been solved. Among the cases that have been discovered, cases involving 3,842 families of Army-level leading cadres have been handled according to regulations. Some of the military cadres transferred to civilian work occupied two houses from a long time. These cases have always been regarded as difficult ones. However, this time they have been basically solved.

Through the inspection and checkups, the Army has solved problems left over from the past.

By implementing the guidelines laid down in the open letter of the Central Discipline Inspection Commission last year, the Army found that 3,150 households had built private houses in violation of discipline, built houses that exceeded grade-11 standards, or occupied 2 or more houses. Corrective measures were taken against 7,619 of these families in the same year while the cases involving the other 531 households remained unsolved. In the course of conducting inspection and checkups, cases involving 518 families were solved. On the basis of the requirements laid down in the various documents of the Central Military Commission, 41,689 families were found to occupy extra large spaces. In the same year, cases involving 40,125 of these families were handled according to the regulation that occupants must pay 50 percent more rent for the extra space they occupy. Cases involving the remaining 1,564 households are still being handled. It was discovered that 11,473 households did not pay rent or water and electricity bills according to regulations. Later in the same year, 10,202 of the households paid their bills, while 795 of the remaining 1,271 households paid their bills in the course of conducting inspection and checkups. Cases involving 476 households are still being handled.

In the course of checking and handling cases, the PLA discovered and solved some cases which previously escaped the people's attention. The PLA recently discovered that 625 families were involved in various unhealthy tendencies listed in the open letter of the Central Discipline Inspection Commission. The unhealthy tendencies involving 544 families have been corrected, while those involving the remaining 81 families are being dealt with. The PLA also found that 10,425 families unwittingly occupied more housing than they were paying for. At present their rents have been readjusted accordingly. The PLA discovered for the first time that 5,598 families failed to pay rent and water and electricity bills according to regulations. Now, 4,839 of them have paid up their overdue rent and bills, while 759 of them are being urged to pay.

From March 1983, when the PLA began implementing the open letter of the Central Discipline Inspection Commission, until the end of July 1984, the PLA found that 8,775 families were involved in various irregularities, such as building private houses in violation of Army discipline, building houses that exceed standards, and occupying two or more houses. It has corrected the irregularities involving 8,681 families, or more than 98 percent, and is still dealing with 94 families. In addition, the PLA also checked the housing occupants on the rules set forth in the relevant documents issued by the Central Military Commission, and found that 52,114 families unwittingly occupied more housing than they were entitled to. Additional rent, the equivalent of 50 percent of regular rent, has been charged for the excess housing of 52,084 families, accounting for 99.9 percent of the total. The remaining 30 families are still being dealt with. During the same period, the PLA found that 17,071 families failed to pay rent and water and electricity bills according to regulations. Now, 15,836 families, or more than 92 percent of the total, have paid their overdue rent and bills. The PLA is still handling the cases of the remaining 1,235 families.

At present, the cases of 1,395 PLA families remain to be dealt with. Of them, 84 families are occupying two or more houses; most of the 94 are relatives of retired cadres and relatives of deceased Armymen, who left their original residences to their sons and daughters after they themselves moved into cadres' rest homes. Party committees and discipline inspection commissions of the various units are taking measures to deal with this problem without delay. There are 1,235 families that failed to pay rent and water and electricity bills on time; most of them are families of cadres transferred to civilian jobs and relatives of deceased Armymen.



According to statistics of the Air Force, the National Defense Science, Technology, and Industry Commission, the Jinan Military Region, the Chengdu Military Region, and the Kunming Military Region, more than 80 percent of the cases involve cadres transferred to civilian jobs and relatives of deceased army men because their circumstances are more complex. Some local organizations fail to actively help PLA rent and bill collectors when the latter try to collect overdue rent and bills at civilian units where ex-Army cadres who owe rent and bill work. A new living allowance regulation for family members of deceased army men has been implemented. Under the new regulation, the families of deceased army men must pay rent if they have job holders in the family, while jobless families are exempted from paying rent. However, the income of some job holders among the deceased Army men's relatives is sometimes less than that of those who are jobless but enjoy pensions and living allowance. Therefore, the job holders are reluctant to pay rent because they consider the regulation irrational. Besides, they are also influenced by some deceased high-ranking cadres' relatives who stop paying rent 1 year after the cadres' death. The departments concerned should continue to deal with the aforesaid situation because it has something to do with their work and with the relevant rules and regulations.

#### RURAL HOUSING CONSTRUCTION INCREASE COUNTINUES

OW230840 Beijing XINHUA in English 0825 GMT 23 Nov 84

[Text] Beijing, November 23 (XINHUA) -- China's rural housing boom has continued unabated with 8.7 million units, totaling 700 million square meters of floor space, started in the countryside this year.

Peasants built more than 35 million new houses with 2.8 billion square meters of floor space between 1979 and 1983, according to a national conference on construction of villages and towns now in session here.

The five-year total was equal to all the housing completed in the countryside in the 30 years before 1979. About five percent of China's 180 million peasant households have moved into new homes each year since 1979. Individual living space rose by nearly four square meters per person.

Peasants now earning more under the rural responsibility system, which links income with output, are also being aided with funds, manpower, materials and transport supplied by local governments and collective units. Peasants own their new houses under Chinese Government policy.

The quality of new houses has been improving during the construction boom, with most new units having brick or stone walls, tile roofs and glass windows. Prefabricated concrete parts and steel door and window frames are also in use. The new materials are in sharp contrast with the adobe walls, thatched roofs and paper-covered windows once common in the Chinese countryside.

In a further change, more two-storey dwellings have been built, and now account for 30 percent of the new housing starts in prosperous areas south of the Yangze River and in the Pearl River delta. Large-scale construction of public facilities is also under way in rural areas.

By the end of last year, there were 35,000 rural cultural centers, along with 140,000 libraries, clubs and cinemas and 55,000 clinics. There were two million shops in the countryside, half of them set up by individual peasants or collectives.



Nationwide drafting of rural development plans began in 1982, and has since been completed for about one-third of all China's villages and towns. The plans mandate the scale of rural construction, and promote the rational use of existing facilities and the construction of public works. New villages and towns built according to the plan usually occupy 15 percent less land than older ones.

More than 300,000 peasants had been trained in town and village planning and design by the end of last year. They are now helping draw up construction plans.

#### LI PENG URGES MINES TO BOOST PRODUCTIVITY

OW221323 Beijing XINHUA in English 1314 GMT 22 Nov 84

[Text] Tangshan, November 22 (XINHUA) -- Greater efforts should be made to develop coal mining and boost pit productivity during the Seventh Five-Year Plan (1986-1990), Chinese Vice-Premier Li Peng said here on Wednesday. More money will also be allocated to help mines improve technology and safety measures in pits, he told a coal industry conference.

The construction period for new mines should be shortened, and pits should work hard to achieve better results from limited investment, said Li, who is in overall charge of energy. In the 1986-1990 period, China will intensify mining in existing pits instead of opening more new mines.

Li said new mining and transport schemes would be drawn up according to the construction of power stations and plants. Transport of coal by road and waterways would be encouraged, while railways would continue to be improved. He encouraged mining authorities to build power stations next to mines wherever possible.

Mines run by localities may follow the practice of the Coal Ministry's major mines and introduce the contract system for better economic results, the vice-premier said. Under the system, mines become responsible for productivity, investment and profits and losses.

Li called the introduction of the system to major mines for the next six years a "major move" in restructuring the industry.

GUANGDONG MEETING TO STUDY ZHOU ENLAI'S WORK

HK240346 Guangzhou Guangdong Provincial Service in Mandarin 1000 GMT 22 Nov 84

[Text] An academic discussion meeting on Comrade Zhou Enlai's revolutionary activities in Chaozhou and Shantou was held in Shantou City today. Attending the meeting are Wu Nansheng, secretary of the Guangdong Provincial CPC Committee and vice chairman of the CPC Historical Research Committee; Xu Dixin, of the Academy of Social Sciences of China; (Yu Ping), of the party Literature Research Center; (Yi Xinyu), of the party Historical Research Center; and experts and scholars from universities and colleges in party historical research, totaling 110 people.

During the first and second revolutionary civil wars, Comrade Zhou Enlai went to Chaozhou and Shantou on four occasions to carry out revolutionary activities which had a direct effect on and played a great part in pushing forward the dissemination of Marxism-Leninism; the establishment of party and CYL organizations; the unfolding of the revolutionary campaigns of workers, peasants, youths, and women; and the development of the economy, culture, education, united front, and armed struggle in the Chaozhou and Shantou region.

This academic discussion meeting has collected Comrade Zhou Enlai's 60 articles, speeches, texts of telegrams, and letters in relation to his revolutionary activities in Chaozhou, Shantou, and Guangdong as well as the articles, speeches, letters, relevant documents, historical data, memoirs, cultural relics, and photographs of Comrade Deng Yingchao. This academic discussion meeting will sort out, substantiate, and verify this historical data so as to correctly appraise the important significance and historical role of Comrade Zhou Enlai's revolutionary activities in Chaozhou and Shantou.

HENAN USES NEW METHODS FOR RECRUITING ARMYMEN

HK240436 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 22 Nov 84

[Excerpts] The province will use new methods in this year's winter recruitment of new soldiers and resettlement of demobilized soldiers. This year's recruitment began on 1 October and ended on 20 November.

According to prescribed requirements, the new soldiers stationed in Henan and Hubei who are recruited by the PLA and by the Henan provincial armed police will be sent to the Army by relevant counties and cities under unified arrangements. Some new recruits will first be put in Army uniforms in conscription organs and will then report to the designated Army units within a definite time in accordance with letters issued by local conscription offices. Beginning on 1 October, all qualified candidates have had to report within 5 days to the conscription offices of the places where their permanent addresses are registered in accordance with their relevant notices and must then wait for a medical examination.

In resettling and placing demobilized servicemen this year, preferential treatment should be given as much as possible to those who have been awarded various honorary titles by units above the military region level and to those urban compulsory servicemen who have rendered extended service in the Army. They should be settled and placed according to their own intention and professions. No job will be given to those who were jailed in the Army for committing crimes and who were dismissed by the Army for other reasons, and they should be treated as persons awaiting jobs. Suitable jobs may be given by local people's governments to rural youths who have won merit citation class two or above during their service in the Army.

HENAN CONFERENCE REVIEW INDUSTRIAL PRODUCTION

HK231452 Zhengzhou Henan Provincial Service in Mandarin 1030 GMT 20 Nov 84

[Excerpts] From 14 to 16 November, the provincial Economic Committee held a provincial conference on industrial production and communications and transportation. According to the situation in and characteristics of the province's industrial production and communications and transportation this year, the conference made arrangements for next year's industrial production and communications and transportation.

Since the beginning this year, the province has developed industrial production and communications and transportation in a balanced manner, achieved fairly good economic results, and made synchronous increases in production and economic results.

The main features were: developing production according to needs and changing the previous situation in which efforts were relaxed at the beginning but had to be grasped at the end. By the end of October, the accumulative total industrial value had increased by 11 percent, close to the national average. Economic efficiency has been raised remarkably and synchronous increases have been achieved in the output value and profit tax. In the first 10 months this year, the province's industrial output value increased by over 8 percent, sales volume increased by over 9 percent, and the profit taxes gained increased by over 14 percent. The amount of losses of those enterprises suffering losses dropped by 26 percent.

This year, the general situation is good in the province's industrial production and communications and transportation, but some problems still exist. The main ones are: there has been an increase in the abuse of funds; some raw materials are in short supply; and power supplies and transportation have failed to meet the needs of the situation. It is necessary to take measures to gradually resolve these problems.

HUBEI LEADER ON CULTURAL SPECIALIZED HOUSEHOLDS

HK250336 Wuhan Hubei Provincial Service in Mandarin 1100 GMT 24 Nov 84

[Excerpt] Speaking this afternoon at a symposium on households specializing in culture in Xiaogan Prefecture, provincial CPC Committee Deputy Secretary Qian Yunlu pointed out: Households specializing in culture are a major vital force in building spiritual civilization in the rural areas. They are as much to be honored as those specializing in economic undertakings. The leaders at all levels must sincerely support the development of households specializing in culture.

He said: The emergence of such households is a new thing in cultural construction in the rural areas. They make up for deficiencies in the state's cultural undertakings and thereby play a positive role. The leaders at all levels and all sectors and trades must eliminate leftism and old thinking and give free rein to the peasants to run cultural undertakings. Households specializing in such undertakings must be genuinely supported ideologically, encouraged politically, protected in policy, and supported economically.

HUNAN LEADER ON AGRICULTURAL RESTRUCTURING

HK240131 Changsha Hunan Provincial Service in Mandarin 2300 GMT 23 Nov 84

[Text] Speaking at a provincial telephone conference on winter production on 23 November, Vice Governor Cao Wenju stressed that the province must get a good grasp of restructuring rural production and speeding up the pace of rural reform.

Vice Governor Cao Wenju said: Since the initial restructuring of rural production in Hunan this year, all sectors in the rural areas have flourished and the economy there has become unprecedentedly lively. All places must sum up experiences, seek truth from facts, act in light of local conditions, take advantage of local superior features, and do a good job in restructuring rural production next year.

In cultivation, under the premise of ensuring the fulfillment of the state's procurement quotas, we should allow the peasants to have full decisionmaking powers over what crops and how much to grow. It is particularly necessary to pay attention to developing township and town enterprises and domestic industry.

Vice Governor Cao stressed: In order to speed the pace of rural economic reforms, it is necessary to take advantage of the present favorable opportunity to launch agricultural capital construction and promote winter water conservancy construction, to create excellent conditions for the development of all items of production.

#### HUNAN APPOINTS PLANT DIRECTOR CHOSEN BY WORKERS

OW230931 Beijing XINHUA in English 0840 GMT 23 Nov 84

[Text] Beijing, November 23 (XINHUA) -- The Hunan Provincial Government has recently withdrawn its appointment of a local factory director and approved a replacement elected by the workers, according to today's WORKERS' DAILY.

Liu Quhua, the new director of the Zhuzhou Chemical Plant with 6,000 employees, was elected at the factory workers' congress. He was a workshop director and one of two candidates for the position. The other, a deputy director of the plant, was chosen by the provincial government.

But Liu's program for improving the plant and his presentation at a debate convinced the congress that he was the better choice. He won 70 percent of the votes.

Directors of state-run enterprises are appointed by higher authorities or elected by the workers with the approval of the government. The authorities often listen to workers' opinions before appointing a director. The Communist Party Central Committee on Urban Economic Reforms has ruled that factory directors should take over responsibility for production and operations from party committees. Since under the present policies the performance of a factory director directly affects the income of the workers, the employees have become concerned with the choice of their leaders. The workers and their congress now have a big say in deciding who should be their director. A law is under discussion to define the functions of workers' congresses and guide the choice of factory directors.



SICHUAN CIRCULAR URGES FIGHTING AUTUMN DROUGHT

HK240155 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 21 Nov 84

[Excerpts] The Sichuan Provincial People's Government issued an urgent circular on 21 November on doing a good job in fighting drought, planting spring-harvested crops, and protecting the growing sprouts from drought. The circular said: Most parts of the province have had very little rain since September. Rainfall in September and October was more than 50 percent below normal. In a few places it was 70 percent below normal. In particular, the drought is serious in Neijiang, Mianyang, and Nanchong prefectures, and Zigong City. At present the drought is still developing. The young sprouts of the spring-harvested crops are growing poorly. Leaders at all levels must pay great attention to this problem and do everything possible to devise ways of overcoming the drought and sowing the spring-harvested crops well. At present the following tasks should be grasped:

1. Adopt effective measures, in light of the varying drought conditions, to crash-sow and protect the growing sprouts. Places where the drought is serious must add water and manure as soon as possible to protect the sprouts from drought. At present rapeseed aphids are to be found everywhere. It is necessary to take prompt action to deal with these using insecticide.
2. Do a good job in water storage and conservation. At present, due to the serious autumn drought, water stored in conservation projects is somewhat less than at this time last year. Many of the winter and spring fields are affected by drought. It is necessary to put water management responsibility systems on a sound basis and strengthen water storage and conservation work.
3. Strengthen leadership. The leaders at all levels must get a good grasp of current agricultural production. In particular, in places where the drought is relatively serious, some concentrated time must be spent in fighting drought, crash-sowing, and protecting the young sprouts.

SICHUAN INSPECTS READJUSTMENT OF PLANT LEADERSHIP

HK240159 Chengdu Sichuan Provincial Service in Mandarin 2300 GMT 21 Nov 84

[Text] According to SICHUAN RIBAO, in mid-November the provincial CPC Committee Organization Department dispatched work groups to Chongqing, Chengdu, and Zigong to inspect and supervise the work of readjusting leadership groups in key enterprises. Most of the province's key enterprises are concentrated in those three areas.

The decision of the Central Committee on Reform of the Economic Structure proposed that readjustment of the leadership groups of enterprises, especially of key enterprises, be completed by the end of 1985. In accordance with this demand, the provincial CPC Committee Organization Department has formulated plans and measures for readjusting the leadership groups of key enterprises in the province. It has decided to readjust over 70 percent of them this year and to complete the readjustment in the first half of next year.

In order to promote the smooth progress of this work, the department has dispatched work groups to Chongqing, Chengdu, and Zigong to inspect the key enterprises there and supervise the work of speeding up the readjustment of the leadership groups in the spirit of reform. The groups are led by a department director and two deputy directors.

HEBEI'S GAO YANG ON 'PARTY CHARACTER' IN NEWS

OW240336 Beijing Domestic Service in Mandarin 1200 GMT 21 Nov 84

[Text] According to a report by Hebei radio, Gao Yang, first secretary of the Hebei Provincial CPC Committee, recently attended a forum on journalism sponsored by the Hebei branch of XINHUA. He urged the reporters and correspondents attending the forum to truthfully report achievements as well as shortcomings in the work and to uphold party character and fighting spirit in news reports.

Gao Yang said in his speech: A few years ago, people of other localities had a bad impression about Hebei. The impression has improved in the past year or so, especially in recent months. It has been almost 2 and 1/2 years since I came to Hebei. In my opinion, Hebei's work is neither as bad as people thought in the past nor as good as people think it is now. I would like to ask you journalist comrades to allow some margin in news reports. When reporting an achievement, you should describe 90 percent, or 80 to 70 percent, of its success; when reporting a shortcoming, you should not criticize it mercilessly. In short, you must give some leeway in news reports.

Comrade Gao Yang pointed out: In drafting a news report, it is of course necessary to report achievements as well as shortcomings in the work. To leading cadres in Hebei, a report on shortcomings can be of more help than one on achievements. For various reasons the work in Hebei was indeed backward a few years ago. Some cadres had a feeling of inferiority when they visited Beijing or other localities. Now that their impression of Hebei has gradually improved, our cadres are apt to foster a sense of complacency. This is why I said a report on shortcomings can be more helpful. I hope that you will criticize shortcomings truthfully. Of course, reports on shortcomings and errors of certain units and individuals should be accurate and conform to facts.

SHAANXI ESTABLISHES ECONOMIC INFORMATION NETWORK

HK240404 Xian Shaanxi Provincial Service in Mandarin 1130 GMT 22 Nov 84

[Text] To provide information services to producers, businessmen, and consumers, a new combine -- the (Jiuzhou) network of economic information broadcasting combined services -- was officially set up in Hohhot. Leading comrades of the Nei Monggol Autonomous Regional CPC Committee, the preparatory group of the Advisory Committee, the People's Congress, and government attended the ceremony to extend cordial greetings. This network of combined services was organized by the broadcasting stations of Beijing, Tianjin, Jiangsu, Shandong, Hebei, Shanxi, Shaanxi, Liaoning, and Nei Monggol and by the Henan broadcasting, television, and news center. Its purpose is through the powerful modern instrument of propaganda -- broadcasting -- to gather, sort out, and disseminate economic information, and to directly convey economic information to those who need it so that they can produce the greatest social economic results.

The main service goal is, through the news program run by all broadcasting stations and the news center and through newspapers and publications run by them, to disseminate economic information in their localities and in the cooperative areas and to provide services to departments concerned of the government, to economic and specialized organs, to enterprises and institutions, and to individual households, specialized households, and consumers. In accordance with the requests of those who need services, the network will provide certain special information. When Bu He, deputy secretary of the Nei Monggol Autonomous Regional CPC Committee and chairman of the region, met the representatives of the broadcasting and press workers of the 10 provinces, municipalities, and regions, he said: A tide of the new technological revolution is now rising in the world. Developing information resources is necessary to meet the needs of the new technological revolution, the needs of reform of the urban economic structure in our country, and the needs of socialist modernization with Chinese characteristics. In the new situation of the great development of commodity production in urban and rural areas in our country, strengthening the dissemination of economic and technological information will play a

significant part in invigorating the economy, stimulating the four modernizations, and promoting social progress. He said that he hopes all broadcasting and press workers will give full play to the special features and superiority of broadcasting and with the spirit of opening up a new path and of continuing to forge ahead, will strengthen cooperation, will strive to do well in disseminating economic and technological information, and will serve the four modernizations.

#### TIANJIN RECTIFICATION UNITS STUDY DOCUMENTS

SK260647 Tianjin City Service in Mandarin 0030 GMT 26 Nov 84

[Text] Focusing on the party's general task and goal, the second group of party rectification units have thoroughly studied the party rectification documents to clearly understand their essence and guidelines, and have eliminated the leftist influence in line with the reality of their own departments in an effort to remove the ideological obstacles to carrying out reforms and opening to the outside world.

A total of 87 units, mainly the district-level organs and some institutions of higher learning, were subjected to the second group of party rectification units. Having started their party rectification work around early July, these units have devoted more than 3 months to studying the party rectification documents. Pertinent departments of the municipal CPC Committee have paid great attention to and strengthened their leadership over the party rectification work of the second group of party rectification units, have investigated and earned the problems of leading bodies of the second group of party rectification units in implementing the party line, principles, and policies, have investigated and learned the ideological and practical situation of these units, and have helped all levels of leading bodies study the party rectification documents in a systematic way; penetratingly understand the necessity and urgency of party rectification, straighten out their attitude on party rectification, grasp the basic principles, tasks, policies, and methods of party rectification, and unite their thinking with party rectification documents. Various departments of the municipal CPC Committee have also organized all levels of leading bodies to look back on where they have met the demands, where they have adopted uncertain attitudes, and where they have lagged behind since the 3d Plenary Session of the 11th CPC Central Committee, and have helped these leading bodies realistically sum up their experiences and lessons, eliminate the leftist influence, and establish reliable ideological foundation for fulfilling the party rectification task with a high standard and for preventing the party rectification from proceeding in a perfunctory manner.

During the period of studying party rectification documents, the second group of party rectification units have paid great attention to conducting the education of thoroughly negating the Great Cultural Revolution, and have educated party members to clearly distinguish between right and wrong in theory, to clear up erroneous ideas and confused understanding, and to eliminate the leftist influence of the Cultural Revolution in order to further fulfill the task of setting things right from disorder. The vast number of party members have reflected that by grasping the major issue of thoroughly negating the Cultural Revolution, the current party rectification will succeed in all other fields.

Recently, the second group of party rectification units in Tianjin have conscientiously implemented the guidelines of the meeting of leading cadres of the municipal CPC Committee, have actively organized the large number of party members to conscientiously study the documents of the 3d Plenary Session of the 12th CPC Central Committee, to deeply comprehend the CPC Central Committee's decision on reforming the economic structure, [words indistinct] principles, and methods, to correctly deal with the relationship between party rectification and reform, and to successfully fulfill all party rectification tasks.



HEILONGJIANG CPC PLENARY SESSION ENDS 24 NOV

SK250455 Harbin Heilongjiang Provincial Service in Mandarin 2200 GMT 24 Nov 84

[Text] After a 10-day session, the fourth enlarged plenary session of the fifth provincial CPC Committee ended on 24 November. Li Lian, secretary of the provincial CPC Committee, delivered a summary speech at the session on the morning of 24 November.

The session relayed and discussed implementation of the guidelines of the 3d Plenary Session of the 12th CPC Central Committee, studied the CPC Central Committee's decision on economic system reform, and discussed the issues involved in implementing the decision in accordance with our province's actual conditions. Through conscientious study and discussion, participants further corrected their understanding with regard to the importance, orientation, aim, characteristics, significance, and tasks of reform; acquired a preliminary understanding about the new theoretical questions set forth in the decisions; had a new understanding about socialism; and eliminated some outdated points of view and cleared up some muddled ideas. They summed up our province's experiences and lessons gained from the reform of the economic system, analyzed our favorable conditions for reform, and made a firm decision on achieving the reform. They talked freely, drew on collective wisdom, absorbed all useful ideas, and set forth many good opinions on our province's implementation of the decision.

In his summary speech, Li Lian stressed the need to study the decision more deeply and to continuously emancipate the mind. He said: The decision is a programmatic document for building socialism with Chinese characteristics, a theoretical and policy basis for the comprehensive realization of the reform in the next 3 to 5 years, and a decision having great and deep influence over the entire socialist historical period. The content of the decision is substantive and profound. We cannot really study the document well with only a few days' concentrated study. We must abandon the idea of being satisfied with a smattering of a subject, take the continuous and deep study of the decision as a prerequisite for achieving the reform, study and implement the decision at the same time, and ceaselessly and deeply study the decision in the course of the implementation. We should generally grasp the spiritual essence of the decision in the course of studying the decision, not [words indistinct] specific methods, the implementation of the decision should be deeply penetrated with study of the decision, and investigation and study should be linked with the summing up of experience. Leading cadres of the party committees, governments, departments, and bureaus at and above the city and county levels must personally engage in the reform at certain points. We must closely link study with the work of eliminating leftist ideas and outdated habits and emancipating the mind.

Li Lian said: At present, leftist ideology and outdated habits are the main obstacles to reform. Manifestations of these are seen in the practices of having people's communes large in size and collective in nature, of egalitarianism, of everybody eating from the same big pot, of fearing to become rich, of looking down upon businessmen, of negating the functions of the law of value, of not separating government functions from business management, of only a few people grasping power, of [words indistinct], and of not respecting knowledge and intellectuals. Continuously eliminating leftist influence is still an important task on the ideological front. We must not underestimate the rightist influence while eliminating the leftist one. We have many old conventions and ways in our brains. We must consciously eliminate the old conventions while conducting the work of eliminating leftist ideology.

In his speech, Li Lian said: In conducting the economic system reform, we must closely center on vitalizing the enterprises. There are two ways to vitalize the enterprises.

1. We must simplify the administrative procedures and delegate power to lower levels. Creating essential conditions for expanding the decisionmaking power of the enterprises is a guarantee for bringing vitality to the enterprises.



The problem of the governments and departments at all levels exercising rigid and serious control over the enterprises, is still outstanding. We must conscientiously solve this problem. First of all, departments in charge of the enterprises' work, especially the direct superiors of the enterprises, must really delegate the powers that should be delegated to the enterprises in line with the guidelines of the decision and the demands of the State Council's 10 regulations on expanding the power of the enterprises. We must comprehensively finish the work by the first quarter of 1985.

The party and government leading offices, and, in particular, the economic general departments at all levels, should further correct the guiding ideology for professional work, persistently improve their work style in line with the principle of serving the people, simplify the administrative procedures, seek unity of thinking, and [words indistinct], and comprehensively turn emphasis of their work to the path of developing production and serving the grassroots units and the enterprises.

In conducting reform, we must pay attention to simultaneous improvement of related fields. Departments and regions must not take the work of delegating power to lower levels as redistribution of power between leading departments at higher and lower levels. Leading offices and departments in charge of professional work at the provincial, prefectural, city, and county levels should conscientiously sort out the regulations in Document No 2 which are inconsistent with the guidelines of the decision. We should write inscriptions to abolish the rules and regulations that are not conducive to enlivening the enterprises.

2. We must carry out the economic responsibility system and thus consciously arouse the initiatives of the staff and workers in production. This is a course that will bring vitality to the enterprises. In accordance with the development and actual demands of reform, the economic responsibility systems in force should be reappraised. The systems that are reliable should continue to be implemented, and the systems that need to be revised and perfected should be revised and perfected.

In his speech, Li Lian stressed: We should respect knowledge and boldly employ new persons. In line with the urgent needs of four modernizations, we must boldly choose, employ, and promote persons of the new generation to leading bodies at all levels and bring up great ranks of cadres in charge of economic management in all fields and in charge of technological management in all fields. Some leading bodies and ranks of cadres in our province do not meet this demand. Therefore, we must carefully work out a method of using personnel suited to the new period, get rid of outdated conventions, and establish a new outlook on the use of personnel. In accordance with the situation of four modernization and economic system reform, we should appoint the people on the basis of their merits and ability and boldly use persons with knowledge, ability, a spirit of doing pioneering work, and ability of reform, and though with certain shortcomings. We should never promote those persons to leading posts who hardly have any shortcomings, have a rigid way of thinking, are of limited ability, and have no ability to create a new situation. We should open up various ways for bringing up the young and middle-aged cadres. We should assign heavy tasks to them, so that they will be tempered in the practice, accumulate experience and enhance their abilities. We should readjust and build the leading bodies at all levels with the spirit of reform. The general guiding ideology of readjusting and building bodies at all levels is not to install interim bodies and not to use preferential arrangements for certain people. The old comrades in leading bodies at all levels should take the work of choosing, promoting, and using new persons as their own glorious duty, and have a strategic point of view to train the cadres at posts and improve the quality of the ranks of cadres.

Li Lian also worked out plans for the main work in other fields. He said: We should continuously attend to the rural reforms, stabilize and develop the excellent situation in rural areas, further reform the systems in the circulation field, enthusiastically and boldly open to the outside world, conduct well the investigations regarding economic work, science and technology, and social development strategy, and pay attention to party rectification.

Li Lian said: The economic system reform is a great, arduous, and creative project. We should stand in the forefront of reform and direct the reform well. We should change our minds by eliminating the conservative way of thinking, turn the method of leadership centering on experience into the scientific method of leadership, and change our traditional ideas to modern ones.

#### JILIN TO EMPLOY STATE CADRES THROUGH OPEN NOTICES

SK260206 Changchun Jilin Provincial Service in Mandarin 1030 GMT 24 Nov 84

[Text] The Organization Department of the provincial CPC Committee and the provincial Personnel Bureau recently issued a joint communique stating that from now on, all state organs, and enterprises and establishment in our province including the units directly under the central authorities should open vacant positions to the public for application, hold comprehensive examinations and evaluations and select the best when they employ state cadres, and should no longer employ secretly on their own. The decision states: Those to be absorbed or employed include job-seeking youths with a senior high school educational level and college and university graduates who have attended these schools at their own expense, in addition to incumbent workers at state or collective units who have graduated from senior high schools. Those youths seeking jobs should not be older than 25 years of age and the incumbent workers 30 years of age.

According to this decision, our province will employ the first group of 3,000 cadres beginning in December, to support courts, procuratorates, agricultural banks, and tax departments.

#### LIAONING ON RECRUITING INTELLECTUALS INTO PARTY

SK230734 Shenyang Liaoning Provincial Service in Mandarin 1030 GMT 22 Nov 84

[Station commentator's article: "Conscientiously Solve Intellectuals' Problems in Joining the Party"]

[Text] Thanks to repeated intercessions by the CPC Central Committee and the attention of the provincial CPC Committee, the party policy on intellectuals has been gradually implemented in our province since the 3d Plenary Session of the 11th CPC Central Committee, and some achievements have also been scored in the work of recruiting party members from among intellectuals. However, difficulties encountered by intellectuals in joining the party have yet to be completely eliminated in some units.

Some units in which the number of intellectuals is quite large have not recruited even one party member in many years. Some intellectuals have a strong desire to join the party and have applied for party membership to the party organizations of the units to which they belong many times, but their applications, like stones dropped into the sea, have drawn no attention. Some comrades have been named as nonparty activists for several years, some even more than 10 years, and have undergone various tests, but are still not admitted to the party. This has dampened their political enthusiasm.

Where do the intellectuals' problems in joining the party originate? The largest obstacle is the influence of leftist ideas and the outdated ideas in the minds of some party members and party-member cadres.

They lack an adequate understanding of the role and functions of intellectuals in socialist modernization and, still worse, are biased against intellectuals. Despite the CPC Central Committee's clear assertion that intellectuals are a part of the working class, some comrades do not acknowledge it in their minds, and still regard intellectuals as outsiders and as targets with whom to unite. Some comrades lack a correct attitude regarding the strong and the weak points of intellectuals, and even consider strong points as weak ones. For instance, they regard intellectuals' liking for giving opinions as disrespect for leaders and their insistence on their opinions as disobedience to leaders or complacency. Some comrades still look upon and treat family origin, social relations, and questions of a political nature in the history of intellectuals with leftist standards and methods. Some comrades are jealous of the people with virtue and ability and create all sorts of obstacles to hamper intellectuals' efforts to join the party. Such erroneous understanding and attitudes are obstacles to recruitment of intellectuals into the party. The number of young intellectuals who are admitted to the party is still smaller at present than the number of older and middle-aged cadres. To some comrades, even old and middle-aged intellectuals encounter difficulty having their names registered in the waiting list, let alone the young ones, who are not mature, and should queue up still further back. From all this we can see that eliminating the influence of leftist ideas and various outdated ideas is the key to solving the problems of intellectuals in joining the party.

We should clearly understand that the status quo in the party is in extreme disconformity with the great historical tasks it shoulders. At a recent forum on recruiting party members from among intellectuals sponsored by the Organizational Department of the CPC Central Committee, it was pointed out that among the more than 40 million party members, only 17.8 percent have an education of senior high school level or higher, 4 percent have an education of university level or higher, and a very large proportion have a primary school educational level or are illiterate. The existence of such a situation is inseparable from the past leftist errors and is a result of history. Our party's current major task is socialist modernization. If such a situation is left unchanged, the party's role as a powerful leading core will be weakened because the key to fulfilling the tasks of socialist modernization and the general goal of quadrupling the annual industrial and agricultural output value by the end of this century as set forth by the 12th National CPC Congress lies in knowledge and in talented people. If the party does not have a great number of members who have mastered scientific knowledge and are specialized in modern scientific management, it will have difficulty leading the people of the country to fulfill the historical tasks of the new period. Therefore, recruiting a large number of fine intellectuals into the party is a strategic measure for changing such a situation in the party. At the same time, we should adopt effective measures to improve the educational standards and increase the scientific knowledge of the present party members. This is a strategic task for the current work of party building. All party members and party-member cadres should attach great importance to it and carry it out conscientiously.



GANSU HANDLES FOREIGN TRADE DEPARTMENT EXCESSES

HK230747 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 20 Nov 84

[Text] In the course of party rectification, the Organization Department of the CPC Committee of the provincial Department of Foreign Economic Relations and Trade has dealt seriously with malpractices. It has actively investigated 43 cases of bureaucratic practices, as well as those of abusing power, 34 of which have been handled.

Over the past few years, the provincial Department of Foreign Economic Relations and Trade has done much work in the areas of maintaining foreign economic relations, promoting trade and [words indistinct]. On the other hand, the department itself has many problems. In particular, the former principal responsible persons of the department indulged in taking advantage of their office for personal gain, and in bureaucratic practices. Consequently, they made a mess of both the economic work and the administrative work, and caused unremedied economic losses to the state.

In August this year, the provincial CPC Committee resolutely readjusted the leading group of this department. With the support of the provincial CPC Committee, the new leading group gave full play to the roles of the organization committee and the elected members. With the attitude of seeking truth from facts and handling work in a serious way, the leading group carried out simultaneous rectification and correction of defects while conducting investigations and handling cases. Later, it investigated a total of 43 cases in which the leading cadres abused power, indulged in bureaucratic practices, behaved irresponsibly in their work, made a mess of the administrative work, and did not perfect the system, so that the situation of arrears and wasted work was serious. The losses caused by these cases totaled more than 10 million yuan.

At present, [words indistinct]. Nine people were involved in the cases that were dealt with. Two of them were cadres at senior and medium levels. In light of responsibility, seriousness, erroneous attitude, and the circumstances of the cases, the leading group has dealt with these people by adopting party disciplinary measures, such as placing them on probation within the party and issuing warnings; and administrative sanctions, such as removal from office and demotion. In addition, there were two people who violated the law and were [words indistinct]. Sixteen people were fined.

The investigation and handling of bureaucratic practices and cases of abusing power have made the department of foreign economic relations and trade full of vitality. This has also promoted the development of foreign economic relations and foreign trade, as well as reform in the foreign trade system.

## 'Weak' Leadership Cited

HK230749 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 20 Nov 84

[Station commentary: "The Provincial Department of Foreign Economic Relations and Trade Is Justified in So Doing"]

[Text] The CPC Committee Organization Department of the provincial Department of Foreign Economic Relations and Trade has dared to tackle tough issues, and has investigated and handled bureaucratic practices, as well as cases of abusing power. It has made rapid progress and the actions have brought great results. Therefore, the experience of the department is worthy of being promoted and publicized.

The majority of the province's first batch of units are implementing the work of simultaneous rectification and correction of defects.



One of the tasks of this work is to lead in-depth investigations on bureaucratic practices and cases of abusing power which have caused serious damage in political and economic fields. Judging from the present situation, some units are not doing well enough in handling the bureaucratic practices and cases of abusing power which have been revealed in the work of simultaneous rectification and correction of defects. The work in these units is handled with slow progress. The crux is that the leadership is weak and does not dare to tackle tough issues. The leadership of the units itself faces problems, and fears that when it tackles these problems, its own will be exposed. Also, some units only implement the work of checking bureaucratic practices verbally, but never solve practical problems. There are also some units which only settle general problems but pay no attention to outstanding ones. All of these obstruct the smooth progress of the work of simultaneous rectification and correction of defects.

The investigation and handling of bureaucratic practices and cases of abusing power is an important part of accomplishing the task of simultaneous rectification and correction of defects, promoting a fundamental turn for the better in party style, and carrying out economic reform. We hope that all units will genuinely strengthen their leadership and overcome and guard against a slack mood and fear of difficulty, as well as the thinking, 'that is good enough.' We must grasp firmly and well the work of investigating and handling bureaucratic practices and cases of abusing power. In addition, we must set a high standard and correct defects promptly.

#### GANSU'S LI ZIQI ON REFORMING ECONOMIC STRUCTURE

HK250252 Lanzhou Gansu Provincial Service in Mandarin 1100 GMT 24 Nov 84

[Excerpt] Yesterday afternoon, provincial CPC Committee Secretary Li Ziqi made an important speech at the Wuwei County CPC Committee Party School to more than 700 leading cadres of prefectures and counties on reforming the economic structure in the urban and rural areas and restructuring production.

On reforming the urban and rural economic structure, Comrade Li Ziqi stressed that leading cadres at all levels must study well and seriously the CPC Central Committee decision on reform of the economic structure, profoundly appreciate its spiritual essence, and bring their thinking into line with it. He said: Urban reforms are even more complex than rural reforms. It is essential to act resolutely and positively and also stress soundness and care. We must not mechanically copy others. We must formulate appropriate reform plans and measures. At the same time, we must integrate urban with rural reforms, make synchronous arrangements for them, and ensure that they stimulate each other.

Comrade Li Ziqi also demanded that the prefectures and counties actively restructure their production setup and vigorously develop commodity production. He said: The key to developing township and town enterprises lies in further emancipating the mind and encouraging the peasants to exercise cooperation in running enterprises.

#### NINGXIA RIBAO URGES CHANGE IN CONSUMPTION HABITS

HK230847 Yinchuan NINGXIA RIBAO in Chinese 2 Nov 84 p 1

[Commentator's article: "Gradually Change the Old Concepts of Consumption"]

[Text] Two rich households, one in a city and the other in a township, know how to make money as well as how to spend it, making their life full of charm. However, both were criticized. One dared not disclose his real name and the other was labelled as one "seeking a bourgeois way of life." It appears that gradually changing people's old concepts of consumption has posed a new problem in developing the commodity economy.

There are two passages in the "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee: "The essential task of socialism is to develop the forces of production, create ever more social wealth, and meet the people's growing material and cultural needs. Socialism does not mean pauperism, for it aims at eliminating poverty" and "it is incorrect to put forward demands for consumption in excess of the capacity of current production." But it is likewise incorrect to keep on restricting consumption that is well within the capacity of current production rather than increasing it appropriately. Since the 3d Plenary Session of the 11th CPC Central Committee, along with the development of production, there has been a considerable increase in people's purchasing power. In the demand for consumer goods and in food, dress, accommodation, and transportation, traditional habits of consumption have begun to change and great changes have taken place in the forms of consumption. Particularly in rural areas, the consumption demands have gradually become similar to those in urban areas. This has been recognized by all. People who have become rich first are properly spending money earned by themselves through their labor and beautifying their lives. This is justified and should not be criticized. But, why are some people surprised and alarmed at it? In the final analysis, they still view new problems with old concepts of consumption.

The formation of old concepts of consumption was due to many complicated causes. The long-standing poverty made it impossible for people to desire too much in their lives. The practice of "wearing clothes 3 years when they are new, another 3 years when they are old, and still another 3 years when they are patched" was handed down as a traditional virtue in managing the home. Such ideas as poverty leads to revolution and wealth leads to revisionism were advocated during the "Cultural Revolution." In addition, there are some confused ideas on handling the relationship between consumption and waste, the relationship between active consumption and plain living, and the relationship between encouraging spending and developing commodity production. All these plus the failure to draw a clear distinction between the improvement of material and spiritual life and the bourgeois way of life have made quite a few people still lack new concepts of consumption today. We are thus required to give them guidance in this regard.

With the development of production, people's living standards will certainly be upgraded step by step. Why are some fine quality and high-grade products in short supply? Why is the contradiction between supply and demand so prominent? This indicates that the production of consumer goods cannot meet the needs of the people. We must change old concepts of consumption and vigorously encourage spending. In the past, people demanded only a plain life, not a beautiful life. Now it is different. We must encourage spending and beautify people's lives. "Without production, there would be no consumption." Likewise, "without consumption, there would be no production." This is obvious to all. Without consumption, production would become pointless. Only consumption can create demands for new production. Without demand, there would be no production. Therefore, consumption in turn promotes the development of production. The vitality of a production unit lies in its reliable consumers, in other words, in a large market. Some people say consumption is more positive than saving. This is somewhat reasonable. Because if we only save money and fail to spend it then production would become meaningless and stop.

Consumers must become neither "misers" nor "prodigals." If they have money, they should know how to properly spend it to enrich and beautify their lives. This is reasonable and justified. It is another thing if people have no money but borrow money to buy high-grade goods in order to keep up appearances.

Relevant departments at all levels must study the changes in people's lives and guide people to spend money. This is what we should do. We must also encourage people to enrich their spiritual lives on the basis of upgrading their material lives.

NINGXIA CPC COMMITTEE HOLDS PLENARY SESSION

HK240321 Yinchuan NINGXIA RIBAO in Chinese 13 Nov 84 p 1

[Report: "Regional CPC Committee Holds (Enlarged) Plenary Session To Convey and Study Documents of the 3d Plenary Session of the 12th CPC Central Committee"]

[Excerpts] The third (enlarged) plenary session of the Ningxia Hui Autonomous Regional CPC Committee was held in Yinchuan from 5 to 11 November.

The chief tasks of the meeting were to convey, study, and implement the spirit of the 3d Plenary Session of the 12th CPC Central Committee. After listening to speeches by regional CPC Committee Secretary Li Xuezhi and Deputy Secretary Hei Boli conveying the spirit of the session, the participants concentrated their attention on reading the documents and mastering each sentence and passage. They also held lively discussions. Responsible comrades from prefectures, cities, and a number of factories and mines spoke at the session. Just before the conclusion, speeches were made by regional CPC Committee Secretary Li Xuezhi, Deputy Secretary Hei Boli, and by Nie Jifeng, head of the Ningxia liaison group of the Central Commission for Guiding Party Rectification.

The session unanimously held that the "Decision of the CPC Central Committee on Reform of the Economic Structure" adopted by the 3d Plenary Session of the 12th CPC Central Committee is another systematic document following the 3d Plenary Session of the 11th CPC Central Committee for emancipating the mind, seeking truth from facts, integrating the basic principles of Marxism with Chinese reality, and guiding our country to carry out reforms of the economic structure and socialist modernization.

Speaking on behalf of the regional CPC Committee, Comrade Li Xuezhi first dealt with the situation and tasks. He pointed out that the purpose of reform is to develop the social productive forces. Whether or not it helps to develop the social productive forces should be regarded as the most important criterion for judging the success or failure of every reform. In connection with the reality of our region, this means attaining the great goal of "Ningxia standing up ahead of others," and building a united, prosperous, and civilized new Ningxia. Comrade Hu Yaobang recently pointed out that the central authorities will focus on four major tasks next year: carrying out reforms of the economic structure with the emphasis on the urban areas, formulating the outline of the Seventh 5-Year Plan, continuing to promote party rectification, and further readjusting the leadership group at all levels. In connection with the actual conditions in Ningxia, we should undertake a number of major economic tasks in a thoroughly sound way, striving for high speed and good results in the course of construction. The regional CPC Committee has considered that the region should focus on carrying out six major tasks in economic construction next year: 1) There should be a new breakthrough in the national economy. We should strive to attain the 2 "3 billions," that is, total industrial and agricultural output value should exceed 3 billion yuan, and grain output should remain stable at above 3 billion jin. 2) Get a good grasp of restructuring agriculture, actively set up township and town enterprises, and vigorously develop commodity production. We should get a good grasp of opening up the 2 "1 million mu" new irrigation areas to the north and south of Yinchuan and the construction of 10 large commodity production bases in the Huang He irrigation area. We should continue to implement the principle for production and construction in the mountain region of southern Ningxia by vigorously planting grass and trees and developing animal husbandry. We should do a good job in building the Xiji tree shelter belt. We should further boost diversification and the proportion of industry and sideline production in agriculture. 3) We must speed up the construction of key projects. We must get on with the construction of 10 key projects, namely Dawukou power plant, No 3 shaft of Shizuishan mining area, the expansion of Qingtongxia aluminum mine, Ningxia chemical plant, Ningxia cement plant, Taixi coal-washing plant, Wangwa coal mine, the Huang He bridge at Zhongning, the Quhaiyang water project, and Ningxia No 3 sugar refinery.



4) Get a vigorous grasp of the technological improvement of existing enterprises. We should select about 40 enterprises to carry out appropriate technological transformation and importation and the tackling of technical problems, develop key products and new products, improve product quality, and strive to double output value during the Seventh 5-Year Plan. 5) We must work to develop communications and transport. We must step up the expansion of Yinchuan railroad station, make a start on widening and improving the highway running along the eastern foot of the Helan Mountains, and maintain and repair the Reqigou highway. Counties and townships should build roads themselves. We should strive to improve the Yinchuan civil airport as soon as possible, and increase transport capacity. 6) Do a good job in city and town construction. The focus here is on implementing the State Council decision on the general plan for Yinchuan City and doing a good job of the city's construction. Other cities and towns in the regions should raise funds themselves and so on, to speed up their own construction.

Comrade Li Xuezhi said that the first thing in speeding up reform of the economic structure in the region is to study the documents of the Third Plenary Session and arm ourselves with the theory and policy of reform. The party committees and the leading cadres at all levels must take the lead in this study. In order to do a good job in reforming the economic structure, he stressed that it is essential to grasp the cardinal link, that of invigorating the enterprises; reform planning management, to suit the new situation of enlivening the domestic economy and opening up to the world; actively and steadily reform the price system; further promote division of duties and responsibilities between government and enterprise; simplify the administration, and delegate powers to lower levels; promote various types of economic responsibility system, and seriously practice the principle of distribution according to work; and actively develop various forms of economy and speed up the pace of opening up to the world.

Comrade Li Xuezhi said that Comrade Deng Xiaoping has pointed out: The 10 sections of the "Decision" are all very important, but the most important is the ninth, which calls for "respecting knowledge and talent." Boiled down, it is just these few words, but the key to success or failure lies in whether we can discover and promote talented people. We must get a really good grasp of promoting and employing outstanding young cadres. Throughout the region, by the first half of next year at the latest we should select a number of specialized cadres who understand industry and economics to augment the prefectural and county party and government leadership groups. Outstanding young cadres in the organs who are well educated but lack practical experience should be sent down to grassroots leadership posts for settling and training. We must get a still tighter grasp of the work of building the third echelon and do this work still faster and better. We should step up cadre training and speed up the cultivation of talent.

Comrade Li Xuezhi said in conclusion that the party committees at all levels must strengthen leadership over reforms. This is the key to ensuring the smooth progress and success of the reforms. The leading cadres at all levels must fully understand the long-term natural complexity and arduous nature of the reforms, be bold and skillful in carrying out reforms, stand in the forefront of reform, and seize the initiative in leading the reforms. In carrying out reform, they must resolutely oppose and boycott corrosion by decadent bourgeois ideology, get a good grasp of social order, and eliminate things that are backward, benighted, and uncivilized.

Hei Boli, Hao Tingzao, and Li Yunhe, deputy secretaries of the regional CPC Committee, presided at the session.



CHINA DAILY CITED ON VISITS BY U.S. WARSHIPS

HK260756 Hong Kong HSIN WAN PAO in Chinese 26 Nov 84 p 1

["New Talk" column: "China Agrees to Visits by U.S. Warships"]

[Text] Following visits to China by the British and French fleets, U.S. warships too will be paying courtesy calls to Chinese ports. This was mentioned yesterday by CPC Central Secretary Hu Yaobang when meeting all the participants in the Sino-Japanese economic and technological cooperation forum. This forum, jointly sponsored by RENMIN RIBAO and NIHON KEIZAI SHIMBUN, opens in Beijing today. Personnel from both Chinese and Japanese sides were present at the reception yesterday.

According to the XINHUA report yesterday evening, Hu Yaobang answered questions put by Japanese friends on Sino-U.S. and Sino-Soviet relations. He said that China hopes that Sino-U.S. relations will continue to develop during President Reagan's second term. On Sino-Soviet relations, Hu Yaobang said that Sino-Soviet trade this year has increased somewhat over last year, and economic exchanges between the two sides will further expand next year.

The recent contacts between North and South Korea have attracted considerable world attention; and China and Japan, which are very close to the Korean peninsula, are all the more concerned about this. Hu Yaobang said that China is very happy to see this situation emerge and hopes that the momentum can be sustained and developed. It believes that North Korea is sincere.

However, XINHUA did not report what Hu Yaobang said about U.S. warships' visits to Chinese ports. In fact this important news was carried in this morning's English-language CHINA DAILY, and only relayed by foreign correspondents at 1100 this morning. It is evident from this that there is much to be done in reforming the system of publishing major news items.

Talk of visits to Chinese ports by U.S. warships raised a temporary clamor back in August when U.S. Navy Secretary Lehman visited China. This is the first time this news has been announced by a Chinese leader. It appears that after 3 months of representations, the two sides have reached an agreement.

However, what Hu Yaobang said was that visits by U.S. warships would be accepted provided they were of a courtesy nature and application was first made through diplomatic channels. Moreover, he stressed that China has no intention of practicing military cooperation with the United States. He thus wanted to make a special point of explaining the nature of the visits, to avoid misunderstandings.

In May this year the French warship Bory paid a 6-day visit to Shanghai. This was the third visit by a French warship to China since 1978. In 1980 three warships of the British fleet under the command of No 1 Royal Naval District Commander (Jenkin) visited Shanghai for 4 days. There was of course no question of Sino-French or Sino-British military cooperation. On the other hand, however, it is undeniable that these were symbols of goodwill and friendship.

Sino-U.S. naval exchanges are now on the increase. Following Lehman's visit to China (he went to Dalian, Qingdao, and Shanghai naval bases), a Chinese naval delegation recently paid a return visit to the United States, where it is prepared to stay for almost 1 month.

That China has officially agreed to courtesy visits by U.S. warships to Chinese ports following Reagan's reelection shows that, although certain obstacles exist between the United States, China nevertheless hopes that relations between the two countries in all fields will forge ahead in a normal and healthy way.

Strengthening Sino-U.S. ties is not only in the interests of the two countries but also helps to preserve peace and stability in the Asia-Pacific region.

PREMIER ZHAO VISITS ZHUHAI ECONOMIC ZONE 25 NOV

HK260100 Hong Kong TA KUNG PAO in Chinese 26 Nov 84 p 1

["Special Dispatch" from Zhuhai: "Premier Zhao Ziyang Yesterday Visited Zhuhai To Inspect the Latest Developments in the Special Economic Zone"]

[Text] Zhuhai, 25 Nov -- Premier of the State Council Zhao Ziyang yesterday (25 November) visited the Zhuhai Special Economic Zone to inspect developments there. He also met well-known Macao figures Ke Zhengping and Ma Wanqi.

Zhao Ziyang arrived in Guangdong's Zhongshan County on the previous day. He arrived in Zhuhai City at 0900 yesterday morning, and accompanied by city Vice Mayor Sun Ren, he toured the Jiuzhou Port, the Zhuhai holiday village, Wanzai, and the Nanshan industrial zone. He also took a distant look at Macao. In the evening he attended a banquet given by the Zhuhai City People's Government.

Ma Wanqi told reporters yesterday that Zhao Ziyang showed great concern for Macao when he met him. He enquired about Macao's economic development, total industrial output value, average output value per worker, the size of Macao's population, the impact made there by the publication of the Sino-British joint declaration on Hong Kong, and whether Macao was currently stable, and so on.

Ma Wanqi said that Premier Zhao Ziyang was in excellent health and spirits.

AGREEMENT REACHED WITH PRC ON DAYA NUCLEAR PLANT

HK260353 Hong Kong SOUTH CHINA MORNING POST in English 26 Nov 84 pp 1, 20

[By Albert Chan]

[Text] The complex and protracted negotiations between China and Hong Kong's China Light and Power Co over the multi-billion-dollar Daya Bay nuclear plant have finally ended. Top officials from China came to Hong Kong last week to hold the last round of talks with China Light and Power and all the outstanding differences have now been ironed out. This comes just one year after the Government announced its go-ahead for Hong Kong's involvement in the project.

The draft contract will now go to the Hong Kong and Chinese Governments for their approval before the two parties sign it in Peking.

In Hong Kong, the Economic Services Branch and the Executive Council will vet the draft contract, while in Peking, the Ministry of Water Resources and Electric Power will check it over. The contract will then be sent to China's Ministry of Foreign Economic Relations and Trade, which is now headed by Miss Chen Muhua, for final endorsement.

The exact date for signing the contract depends on how long the two Governments take, and is expected to be late this year or early next year. The complex negotiations involve the setting up of the Guangdong Nuclear Power Joint Venture Co which will own and operate the plant.

The partners in the venture are Hong Kong Nuclear Investment Co (HKNIC), which will have a 25 percent stake, and Guangdong Nuclear Investment Inc (GNI) which will own 75 percent.

China Light and Power is the sole investor in HKNIC after it failed to attract Hong Kong Electric Co into the project.

The contract is in five basic sections:

- The joint venture contract.
- The articles of association of the joint venture company.
- The electricity sale contract between the joint venture company and HKNIC.
- The electricity sales contract between the joint venture company and GNI.
- The electricity resale contract between GNI and HKNIC.

Since China Light and Power only has a 25 percent stake in the project, the electricity resale contract is needed for HKNIC to buy the agreed 70 percent of the electricity generated by the plant. It has also been decided that the future board of directors of the joint venture company will have 17 members -- 12 from China and 5 from China Light and Power. But the chairman, who will be from China, and the two vice-chairmen -- one from HKNIC and the other from China -- have not yet been named.

It now appears unlikely that Mr Peng Shilu, Vice-Minister at the Ministry for Water Resources and Electric Power and one of the key people behind the project, will head the board. This follows the recent policy announcement by Peking that officials should stay clear of commercial ventures.

The two parties will nominate their board members after the signing of the contract for the joint venture company, and only then will the chairman be named.

The contract also includes a guarantee that the price of electricity from the nuclear plant will not be higher than power from coal-fired plants, although the exact price in dollars and cents has not been specified. "It is impossible to put down a figure at this stage," a source said. "There are still 6 or 7 years before the plant goes into operation."

Officials from both China and China Light and Power, however, expect electricity prices will fall when the plant is commissioned.

The long negotiations are understood to have been partly due to China Light and Power's reassessment of electricity cost forecasts. Some 4 years ago, when the two sides first began looking at the project, oil and coal prices were rising steadily and it seemed likely the trend would continue. This made the nuclear option attractive. But as the two sides began detailed negotiations last year, coal and oil prices started to stabilise and even showed signs of falling. This forced China Light and Power to rethink the situation and to reassess the wisdom of investing in nuclear power.

The other obstacle in the negotiations is said to have been concern about the project expressed by Esso, China Light and Power's partner in Hong Kong. The huge American oil company is a partner with China Light in the Castle Peak, Tsing Yi and Hok On power stations.

It is understood Esso is worried that once the future nuclear plant starts supplying electricity to Hong Kong, the sale of electricity from the plants in which Esso has invested will be affected.

"Esso, an old partner with China Light and Power, is apparently afraid its old friend may be doing something against its interest in making a new friend, namely China," said one official.

Meanwhile, negotiations for the supply of equipment for the plant are also being finalised. Technical discussions about the supply of two 900-megawatt Framatome nuclear reactors are due to end shortly and commercial negotiations are under way. When the question of price is settled, the contract will be signed between Framatome and the joint venture company.

Discussions for the supply of GEC's turbine generators are following similar steps but are understood to be showing slower progress, partly because of the British firm's lack of experience in building the particular type of generators required.

#### XU JIATUN ON FORMAL SIGNING OF HONG KONG AGREEMENT

HK230644 Hong Kong HSIN WAN PAO in Chinese 21 Nov 84 p 1

[Report: "Xu Jiatun Tells Reporter That Sino-British Agreement Will Be Signed Next Month"]

[Text] Xu Jiatun, director of XINHUA NEWS AGENCY Hong Kong branch, disclosed yesterday that during the formal signing of the Sino-British agreement on the question of Hong Kong in mid or late December, a delegation composed of personages of various circles in Hong Kong will attend the ceremony. Officials of the Hong Kong Government and members of the Legislative and Executive Councils will also attend the ceremony.

Xu Jiatun answered questions raised by a reporter yesterday evening prior to the party given by the Hong Kong Education, Science and Culture Cooperation and Consultation Company Limited to mark its first anniversary.

When the reporter asked about the exact date of the signing, Xu Jiatun said that had not yet been set.

The reporter asked whether Premier Zhao Ziyang would take part in the signing on behalf of the Chinese side. Xu Jiatun replied: If Britain's Prime Minister Thatcher will come to Beijing to sign the agreement, Premier Zhao Ziyang will take part in the signing ceremony on behalf of the Chinese side. However, all precedures are yet to be consulted by the governments of both China and Britain.

Xu Jiatun also disclosed that Hong Kong figures including officials of the Hong Kong Government and members of the Legislative and Executive Councils will attend the ceremony, but concrete arrangements are still to be made.

According to the reporter, the delegation invited to attend the occasion will be composed of figures of various circles in Hong Kong, which will be extensively representative. The number of people of the delegation will be under 100.

While replying to the question on the drafting of the basic law, he said: If the Hong Kong people are to take part in the drafting of the basic law in the future, we will consult various fields on selection of the candidates. Although it will be a bit difficult in selecting, the matter can be solved. In the course of drafting the basic law, it will be necessary to pool the wisdom of the masses. It is sure to be a good proposal if we combine the suggestions and ideas put forward by various circles.



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